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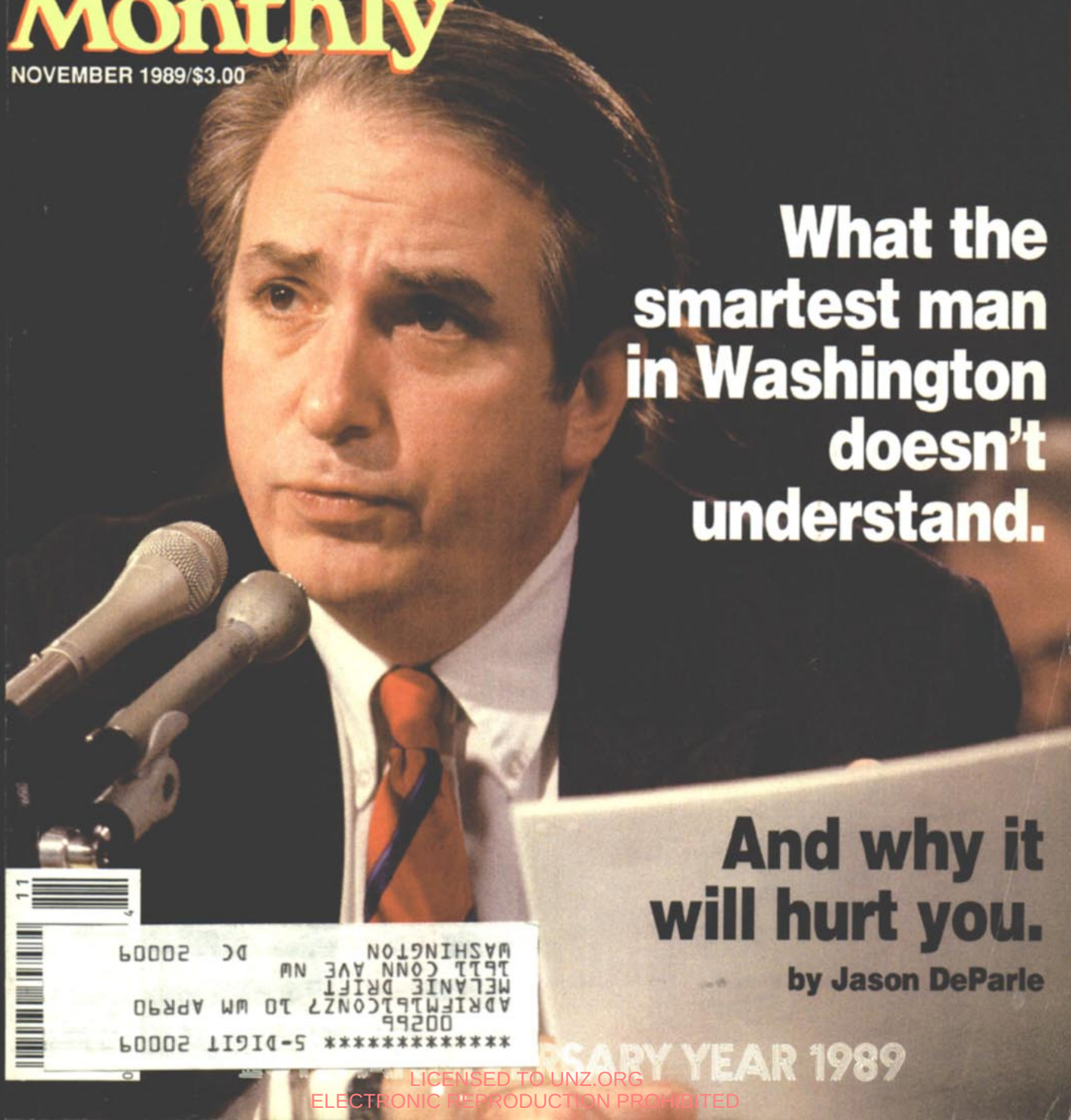

What the smartest man in Washington doesn't understand.

And why it will hurt you.

by Jason DeParle

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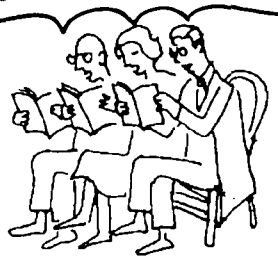

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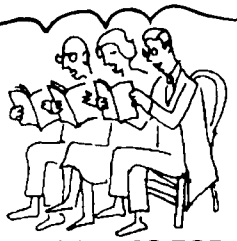

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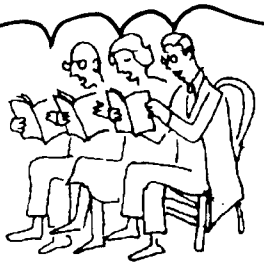

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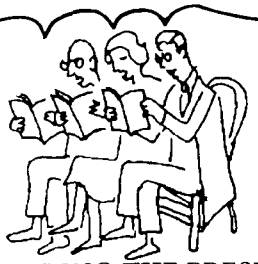

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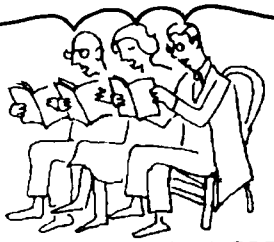

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The Washington Monthly

Volume Twenty-One, Number Ten November 1989

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LETTERS

Tax preparation

Charles Peters is usually close to the mark, but in his latest attack on those protesting the catastrophic medicare surtax ["Tilting at Windmills," September] he missed by a mile.

I am one of those retirees who is protesting the surtax and I cannot be considered affluent, except in contrast to someone barely above the poverty level. Still, I have been able to obtain medical insurance for myself and my wife that provides better coverage than the proposed catastrophic health care at less cost than the proposed maximum surtax for a married couple. Yet, under the present terms of the law, I will be required to pay a surtax (not the full amount) to receive lesser benefits. Nevertheless, given the political machinations to which Medicare is subject, it would be foolish for me to cancel my current medical insurance.

Incidentally, I am prepared to pay my share of a general tax to provide catastrophic health care for those who need it but cannot afford it. Is Mr. Peters also prepared?

J. WARREN MCFARLAND
Winter Springs, Florida

The editor replies:

Yes—if the affluent elderly will give up their social security income in excess of what their own and their employers' contributions, plus interest, pay for. That excess is now financed by a tax that has to be paid by struggling workers whether they can afford it or not. And it was partly to remedy this unfairness that the catastrophic care burden was placed on the affluent elderly.

Estate of the university

During the course of Mr. Rowe's text ["Down and Out in Washington on $89,500 a Year," July/August], he threw in a gratuitous and, if I may say so, an unfair dig at The George Washington University. He refers to the old Circle Theater and then says (in parenthesis) that "a real estate development firm called George Washington University has since torn it down."

With all due respect, that is truly a mindless comment. The George Washington University does own some real estate. It is distinguishable from other universities in that a more significant portion of its all too limited endowment—which goes to support scholarships and academic endeavors—is invested in real estate rather than equities or bonds.

The George Washington University, moreover, supports a hospital that last year provided over $20 million in uncompensated medical care to the poor and homeless of the District of Columbia. Whatever the virtue of the rest of the article may be, it seems to me less than fair to characterize GW as a "real estate development firm."

STEPHEN JOEL TRACHTENBERG
Washington, D.C.

Mr. Trachtenberg is president of The George Washington University.

The author replies:

To Washingtonians who fought the demolition of the Red Lion block, who grieved the flattening of the Circle Theater, the university might as well have been developer Oliver Carr. A few years ago GW students were referring to the school in the student paper as "George Hyman University," after the big D.C. construction company.

Mr. Trachtenberg, who assumed his position just 15 months ago, cannot be blamed for the university's past behavior. But he should review the files. Though much of the damage is done, there are probably still opportunities to bring more community spirit to GW's real estate ventures. This writer would be the first to applaud.

Pro boners

Imaginative scenarios played out by invented characters such as "Teresa" are useful vehicles for educating the laity about professional behavior—unless the author gets it all wrong, as Liza Mundy did ["The Pro Bono Hustle," September].

Any first-year associate with sufficient credentials to be hired "at one of the biggest law firms in Washington" would know, or could quickly learn, that federal law, not the law of each state, provides the answer to the question of whether the union could enjoin the sale of Company X to Company Y when Company Y doesn't plan to recognize the union or to continue to employ the current unionized workers.

So Teresa's all-night effort was grossly inefficient, even if pompous Billy *did* need the memo. If Teresa spent a little more time mastering the basics of her craft, she would have a lot more time to, say, work on pro bono projects or just hang out.

The *Monthly*'s strong antilawyer bias is undercutting the credibility of its reportage of lawyerly behavior.

DAVID LOEFFLER
Milwaukee, Wisconsin

Liza Mundy rather cynically chooses to overlook the substantial contributions that law firms have made in their efforts to provide pro bono representation. In so doing, she does a serious disservice to the legal profession and to the important ideals upon which it is founded.

The legal profession is one of the few (if not the only) professions in this country genuinely committed to pro bono service. Free legal representation of organizations and individuals involved in criminal or civil cases is, in fact, a critical part of our profession's ethos.

Arnold & Porter, one of the law firms cited in your article, has a 40-year tradition of pro bono work. We have undertaken cases in which we have argued for (and won) the right to court-appointed legal counsel, fought against housing discrimination, and for the reproductive rights of women, and defended the First Amendment rights of organizations (including *The Washington Monthly*) among many, many others. Our Washington colleagues in the profession (Wilmer, Cutler's representation in *Mozert v. Hawkins*

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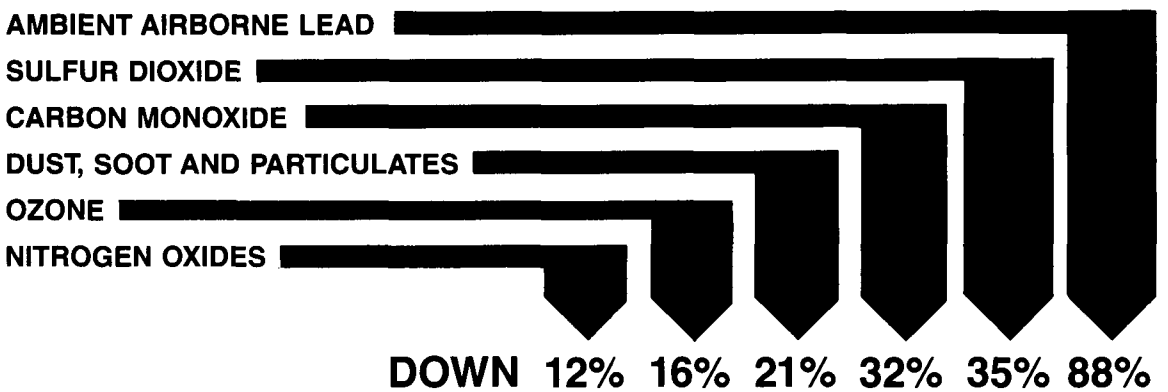
A HEALTHY ENVIRONMENT REQUIRES A HEALTHY ECONOMY

The economic strength of the United States is precisely why we have the world's best environmental protection record. Our national prosperity means we can afford to make ecological concerns a national priority.

Americans spend more than $32 billion annually to control air pollution alone. That's why Congress, in renewing the Clean Air Act in coming months, needs to strike a careful balance between additional improvements in air quality—which everyone supports—and preserving American jobs and competitiveness. This balance can be accomplished with realistic goals and proper management. Short-sighted legislative "fixes" do not usually provide the best solutions.

Our nation is the world leader in air pollution control. Through compliance with the Clean Air Act, our nation's air quality has improved dramatically. According to the U.S. Environmental Protection Agency, from 1978 to 1987, the levels of:



More needs to be done. We must continue to develop efficient pollution control technologies. We must provide an adequate planning period so that we know the effect compliance will have on consumer prices, jobs and the environment. Before we enact costly legislation, we must determine whether such action will be effective and compatible with other environmental goals.

The Clean Air Working Group is a broad-based, national coalition of nearly 2,000 industries, small and large businesses and trade associations working with the government to create effective clean air policies. Our members, who employ millions of Americans, support reasonable policies that will keep Americans working as we continue to clean the air.

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County Board of Education, a pro bono case concerning book banning in the South, comes immediately to mind), as well as firms in cities across the nation, have made similar contributions "for the public good" in their communities.

It is true that law firms can, and arguably should, do more to provide pro bono representation; yet the hourly contributions of major law firms are far more impressive than your article would indicate. In the first six months of 1989, Arnold & Porter attorneys contributed 15,000 hours to pro bono practice—over $2 million in "billable" time.

JAMES W. JONES
Washington, D.C.

Mr. Jones is managing partner of Arnold & Porter.

As one of the individuals interviewed for Liza Mundy's article, I must confess to a sense of disappointment. What I had expected to be a thoughtful look at what Ms. Mundy had called the "ambiguities" of doing public interest work in a private law firm turned out to be just another diatribe against big law firms and the lawyers who work in them.

Without question, the fact that a firm does pro bono work will certainly help it attract and retain associates. But the suggestion that firms undertake such work only, or even primarily, as a recruiting device or as a sop to dissatisfied associates completely ignores the possibility that for some law firms the principal reason to undertake pro bono work is good old-fashioned altruism.

We do not deceive ourselves or anyone else into thinking that a law firm is the same as a public interest group, but we recognize that we nonetheless can play a role in advancing the public interest. If anyone is being deceptive it is those who refuse to acknowledge that institutions organized for profit and the people who work for them may also be committed to doing good for its own sake.

EDWARD L. WOLF
Washington, D.C.

Mr. Wolf is an associate of Arnold & Porter.

Migrating headaches

I read with recognition and horror the recent story on the amnesty applicant ["Take a Number and Wait," David Shaw, September]. David Shaw should report the attorney to the California bar for professional misconduct. Even more pathetically, all the parties missed Eva's eligibility for the registry provisions that would have allowed her to become a permanent resident immediately, without the intermediate time spent in the amnesty program. The 1986 reform legislation updated the registry, so that many aliens eligible for legalization (arrival before 1982) are also eligible for registry (continuous residence since 1972).

All of Eva's anxiety could have been avoided (and with better results) if Shaw had consulted a legitimate immigration counseling center, contacted a Latino law professor, or been more careful.

MICHAEL A. OLIVAS
Madison, Wisconsin

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Subscription rates: U.S. and possessions: one year, $33; two years, $61; three years, $88. Foreign subscriptions, additional postage: Canada, $3; other, $25 air mail, $3 surface mail. Back issues, $4. Send correspondence concerning subscriptions, undelivered copies, and changes of address to 1611 Connecticut Ave. NW, Washington, DC 20009. For change of address, please provide six weeks' notice and include old address label. New subscriptions only: (800) 341-1522.
The Washington Monthly is indexed in the Book Review Index, Political Science Abstracts, Public Affairs Information Service, the Readers' Guide to Periodical Literature, the Social Science Index, and Ulrich's International Periodicals Directory and may be obtained on microfilm from University Microfilms International, Ann Arbor, MI 48106.
Unsolicited manuscripts must be accompanied by a stamped, self-addressed envelope.
Published monthly except combined July/August issue by The Washington Monthly Company, 1611 Connecticut Ave. NW, Washington, DC 20009 (202) 462-0128.

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ISSN 0043-0633.
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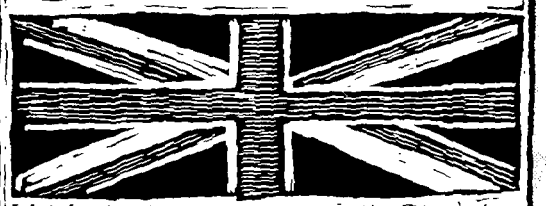

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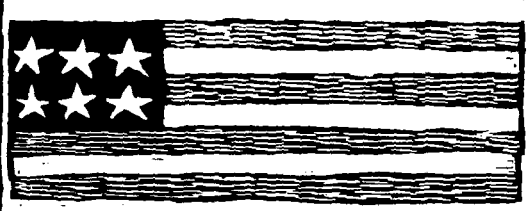

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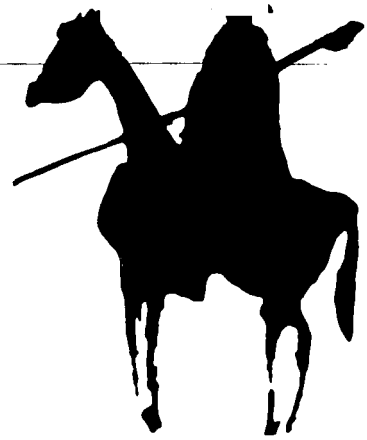
TILTING AT WINDMILLS



Will the South Koreans hit Winston-Salem? Why not? If we are justified in sending helicopters to attack the cocaine cartel in Colombia, why shouldn't other countries dispatch military forces to destroy our cigarette factories? As the major exporter of cigarettes, we are the leading international dope peddler.

If you say cigarettes are not as addictive as cocaine, consider a recent study that found that nine out of ten people who try cigarettes became addicted, while only one in six who tried crack did.

Then ponder another recent study of 392,000 students that found cigarette smoking was increasing among both high school and junior high school students. In the past year, the rate has jumped from 33 to 39 percent for the former and from 20 to 28 percent for the latter.

This is why *The Washington Monthly* has been concerned about the relationship between sports and tobacco advertising, a relationship that has become so accepted that the first person quoted in a recent *Washington Post* article about Chris Evert and Martina Navratilova was a vice president of Phillip Morris, the maker of Virginia Slims. The ultimate irony was last summer when, as the Boston Red Sox played an exhibition game for the benefit of young cancer victims, there was a billboard in center field advertising Marlboros. New victims were being solicited at a benefit for those already afflicted. . . .

"Crime pays" seems to be the message of much of what we read in the papers these days. So I was delighted to see a report from Reuters that says "Mafia gangsters suffer worse stress than top business executives." According to Professor Granceso Aragora, a Sicilian pathologist who has spent 40 years studying mafiosi remains, the gangsters are likely to have "thickened arteries, kidney failure, stomach ulcers," and livers that are "yellowish, fatty, and chronically short of glucose.". . .

"No one reads my cables." If you've visited many American diplomatic missions abroad, these are likely to be familiar words. The problem is that the cable labored over long and lovingly by the foreign service officer in the field is rarely read by the secretary of state, to whom it is addressed. Indeed, it is often not read by anyone other than the State Department desk officer for the country concerned and a few minor officials who need something to do to pass the time but have no power to do anything in response to the cable.

The result is that many field officers become as desperate as the one my friend, Stanley Meisler, a veteran foreign correspondent for the *Los Angeles Times*, encountered in his travels. The officer was so frustrated by the lack of reaction from Washington to his carefully crafted cables that he asked Meisler if he would mind reading them. What the FSO obviously craved was the knowledge that *someone* had read his work and valued it. The words he yearned to hear: "This is a masterpiece of concise reporting. Thanks to you I understand the situation in Botswana perfectly."

Why, if you haven't visited our missions abroad, are you unaware of this problem? Probably because when the diplomat returns to this country, he wants Mom and Dad and his friends back home to think he was performing tasks of the gravest importance while he was overseas. So why would he go around advertising the fact that his work was largely ignored by his superiors?. . .

If the civil service is so underpaid, why do so few bureaucrats leave? The number who actually resign each year—as distinguished from those who choose to take advantage of the government's generous retirement program—is about 5 percent. This

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may have something to do with the fact that although some government employees—engineers and accountants for example—are underpaid, the average civil servant makes about 40 percent more than the average American. And the civil servant has job security and that generous retirement plan to boot.

Yet the *Washington Post* continues to run headlines like: "Federal Workers Underpaid by 28.6 Percent Panel Says, Gap Between Public, Private Salaries Called a 'Canyon.'" In the accompanying article, as in almost everything else on this subject that appears in the *Post*—and indeed most other newspapers and magazines—there is absolutely no indication that the gap is not between the pay for real jobs but between the pay for a real job in the private sector and a job *description* in the federal government. As we have repeatedly tried to explain to our fellow journalists, these descriptions are often written by the job holders themselves and usually make the job sound considerably grander than it really is. Elevator operators become "vertical vehicle controllers" and in the immortal words of our contributing editor, Leonard Reed, "file clerks are endowed with responsibilities before which a Harvard MBA would quail."...

Another fact about the civil service that might interest you is the number of people who are fired for bad performance. The figure was supposed to increase dramatically as a result of Jimmy Carter's Civil Service Reform Act. And in percentage terms, it has increased—now standing at 47 percent above the level before the reform bill. The only catch is that that still only means 755 people were fired last year for poor performance—less than one-tenth of 1 percent of the total number of government employees. Does anyone really think the true percentage of losers is anywhere near that low?...

I know you've been waiting to hear where those Columbus, Ohio lawyers voted to hold their 1990 Interdiscipline Conference with Columbus physicians. It's going to be in Vail, Colorado. And I know that you absolutely refuse to even suspect that the prospect of tax-deductible skiing had anything to do with the site chosen by these dedicated professionals....

Speaking of lawyers, the world's championship in fee-charging has to be awarded to a Towson, Maryland attorney, who represented two firefighters in a suit against a company for injuries they sustained while putting out a fire on its property. He charged one $188,000 out of an award of $250,000 and the other $283,000 out of $377,000. That's 75 percent, where the usual fee in this kind of case is 33 1/3 percent....

Recently I was speaking to a group of officials of the Rural Electric Association. I decided to risk criticizing them for imitating the elderly by acting like all their members need government help when only some really do. To my surprise, no one became angry and some even agreed with me. They said the problem was the adversarialists in their organization who felt you could never concede any defect in your position to the opposition or the opposition would jump on it and use your concession as a weapon in taking away the legitimate benefits you enjoy. This is another legacy of the adversary system bequeathed us by the lawyers in our society. It means that each organization has to insist its cause is totally right, which is why we have a country dominated by self-righteous special-interest groups.

Even when the motivation is not selfish but idealistic, as in the case of the abortion debate, the prolife and prochoice groups refuse to concede any merit to the other's position, which is a tragedy, because humane common sense should tell anyone that there is merit to both sides.

In the case of the affluent elderly, their self-righteous refusal to understand the point I make in the "Letters" section of this issue is likely to produce a revolt by the young. And if that revolt is conducted in the adversarialist spirit that dominates our society today, isn't it likely that the young will deny there is *any* merit in the cause of the elderly? In a sense, the elderly will get the comeuppance they deserve, but wouldn't it be far better for us all to try to concede the chinks in our armor and end our enslavement to this insane adversarialism?....

A family of four with an income of $25,000 pays $2,514 in taxes to the District of Columbia. The average tax for the same family in 51 other large cities is almost 25 percent less.

What this means is that those of us who live in the District are paying the most for the worst. (See "The Worst City Government," Jason DeParle, January 1989 and the regular feature in subsequent issues.) The local school system is so bad that a cab driver named James Caviness now spends $8,000 a year—more than a third of his total earnings—to send his child to Georgetown Day, a private school....

As we are going to press with this issue it appears that the forces of organized greed are on their way to another victory in the form of a reduction of the capital gains

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tax. In case final action has not been taken by Congress by the time you read these words, please let your representatives know how outraged you are by any reduction that is not specifically geared to encouraging long-term or productive investment. There is no social utility to giving anyone a tax break for the sale of a share of General Motors or AT&T that he bought yesterday and sold today. In-and-out Wall Street trading is not productive investment. It's just another way of making a living, and the income it produces should be taxed as ordinary income. . .

My newest heroes are a California couple who have opened casket stores in Santa Ana and Loma Linda. These are the only stores of their kind in the country. Every place else you have to buy a casket from a funeral home that specializes in sky-high markups. Customers of the new stores save around a thousand dollars on the average casket. The mortuary industry will no doubt find some way to defeat these entrepreneurs, probably by threatening to withhold business from casket manufacturers who sell to the stores.

It's stories like this that make you realize how much we need a strong Federal Trade Commission to protect desirable new ventures from being destroyed by monopoly power. But the FTC we have is staffed by a mixture of spineless bureaucrats who won't stand up to anybody and by Republican ideologues who refuse to acknowledge that the free market doesn't work when monopolies are permitted. . . .

You may get a clue as to the current state of morality in Washington from the cover headline on the August 1989 issue of the *Washingtonian*, the local "city" magazine that relies heavily on newsstand sales and therefore wants its cover to appeal immediately to large numbers of potential readers:

"BIG TROUBLE—Out of the Blue You Get Hit for Back Taxes, or Your Lover Threatens to Sue. Here's How Big Trouble Can Ruin Your Life, and Who Can Get You Out of It.". . .

The District of Columbia has one of the largest police forces in the country. We also have the National Park Police, the Uniformed Branch of the Secret Service, and the Capitol Police. Since they do not seem to be preventing the daily round of murders to which we have become accustomed, what do these fellows do all day? We can't speak for all of them but we can tell you how 40 members of the Capitol Police recently spent three days. They traveled to the Greenbriar Hotel in White Sulphur Springs, West Virginia, to serve as "a protective detail" for House Democrats who were holding a conference at the resort. . . .

A friend who is a Harvard alumnus recently received a questionnaire from his alma mater asking him to choose "the three most important issues facing Harvard" from a list of nine. None of the nine mentioned controlling the cost of tuition. . . .

In the condemnation of Samuel Pierce, Deborah Gore Dean, and other participants, which has been one of the themes of Washington conversation about the HUD scandal, I have been amazed by how often I have heard someone say, "Of course, Carla Hills is different. She was just a lawyer representing a client and there's nothing wrong with that."

I don't know what's right about it. Hills, as a former secretary of HUD, was peddling her influence. "She basically did traditional Washington legal work, which included some phone calls to HUD officials," Hills's assistant told the press. What does that say about traditional Washington legal work? It says that it means being a hired gun for the highest bidders, even when their cause is wrong or not in the best interests of the United States. . . .

There are many reasons to suspect that the affluent are not only wealthier than the rest of us, they're also more selfish. The latest evidence comes from the economist, James Henry, who has discovered that the richest 12 percent of individual taxpayers are responsible for 40 percent of tax underpayments. Of the returns

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actually audited by the IRS, more than 70 percent of those for incomes above $200,000 conceal unreported income. . . .

Congressmen often tell voters that defense spending is good for their district. Most of them are lying. According to a recent study, in 321 of 435 districts, taxpayers pay more in taxes that support the Pentagon than they get back in military spending in their district. . . .

We have reported one sign of the graying of the baby boomers: They are spending less and saving more. Here are three others.

* There has been a decline in the number of backpackers in the national parks as the BBs, no longer willing to lug heavy loads up mountain trails, choose instead a motel or campground accessible by car.

* The BBs seem to be listening to radio stations that play only the golden oldies of 1965-75.

* If the BBs are in their forties, that means their parents are in their sixties and seventies, which in turn means the coming cause for the BBs is "Elder Care." Companies such as AT&T and American Express are providing as part of their employee benefit packages some form of help in taking care of Mom and Dad. . . .

In case you thought our pro bono article in September ("The Pro Bono Hustle," Liza Mundy) was too harsh on the legal profession, consider what a study by the Texas State Bar revealed: Only 7 out of every 100 Texas lawyers were doing pro bono work. . . .

The television networks have a lesson to teach the State Department. ABC and NBC have closed their Paris bureaus on the ground that Paris is no longer the news center it was in the past. It may be that the State Department can't close down its embassy. But certainly it could reduce the staff. London, Paris, and Rome staffing patterns are based not on the importance of the posts to modern diplomacy—Moscow, Tokyo, and Peking are far more crucial—but on their desirability as places for our diplomats to live and for Washington officials to visit. . . .

The Pentagon's Division of Civilian Marksmanship loans guns and sells ammunition at substantial discount to junior rifle clubs sponsored by the National Rifle Association. The justification for the program is that it provides the armed forces with potential recruits who are already skilled marksmen.

But only about 200 participants a year are now joining the armed forces. Since $4.7 million is spent on the program, the government is paying more than $23,000 per recruit. . . .

In her new book, *Just Enough Rope*, Joan Braden tells of a conversation in the 1960s when her husband, Tom, who was embarking on his career as a Washington reporter, asked Stewart Alsop, one of the leading journalistic luminaries of the day, for advice. Alsop told him, among other things, to be sure to talk to "three important people" each day.

This was then and remains today the central fallacy of the stars of Washington media. They rely far too much on the big shots and spend far too little time with the people at the working level who actually know what's happening with government programs. If you want to find out what's wrong with a weapon, the person to ask is not the secretary of defense but the fellow who is firing it. . . .

There are certain classic anecdotes that the *Monthly* retells every few years for the benefit of our new readers. One of these is about the late Marvella Bayh, who was the wife of Birch Bayh.

When on the night of his first election to the Senate she learned that he had won, she exclaimed, "This means we'll get to go to Europe." The point this story illustrates is that this country is full of Marvella Bayhs for whom public office means the opportunity to travel. I was reminded of it by a recent story about a Texas legislator who said, "If you take away my outings, my hunting trips, then what's fun about the job any more?". . .

This magazine has long advocated a liberal immigration policy on the basis that the infusion of new blood is good for the country, that we want people who want to become Americans.

I was troubled, however, by a recent story by Seth Mydans of *The New York Times* about an illegal alien, Mrs. Guadalupe Avila, who has enrolled in an amnesty program. She told Mydans: "I think if it is necessary to become a citizen for any reason, I will do it. I want to be in this country, but I do not want to stop being a Mexican, because that is my country."

Perhaps Mrs. Avila simply means that she wants to remain Mexican, as many Irish-Americans and Italian-Americans have remained Irish or Italian. But if she really means that in her heart she cannot give true allegiance to this country—of the kind so many Irish and Italian immigrants proved by dying in our wars—then she should not become a citizen. . . .

—*Charles Peters*

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Paperback Fighter

Ronald Reagan, George Bush, and Dan Quayle—and a lot of generals and admirals—give Tom Clancy rave reviews. Here's why they shouldn't.

by Scott Shuger

Tom Clancy is lousy at writing sex scenes between a man and a woman. But he's great at writing sex scenes between a man and a weapons system. In Clancy's *Red Storm Rising*, it's boy meets plane, boy gets plane:

> Colonel Douglas Ellington's fingertips caressed the control stick of his F-19A Ghostrider attack fighter. . . .
>
> Lockheed called her the Ghostrider. The pilots called her the Frisbee, the F-19A, the secretly developed Stealth attack fighter. She had no corners, no box shapes to allow radar signals to bounce cleanly off her. Her high-bypass turbofans were designed to emit a blurry infrared signature at most. From above, her wings appeared to mimic the shape of a cathedral bell. From in front, they curved oddly toward the ground, earning her the affectionate nickname of Frisbee. Though she was a masterpiece of electronic technology inside, she usually didn't use her active systems. . . .

Or consider this episode from *The Cardinal of the Kremlin*:

> Slowly, the Archer raised the launcher and trained its two-element sight on the approaching helicopter. His thumb went sideways and down on the activation switch, and he nestled his cheekbone on the conductance bar. He was instantly rewarded with the warbling screech of the launcher's seeker unit.
>
> . . . The helicopter was sideslipping right at him now, expanding around the inner ring of the sight. It was now in range. The Archer punched the forward button with his left thumb, "uncaging" the missile and giving the infrared seeker-head on the Stinger its first look at the heat radiating from the Mi-24's turboshaft engines. The sound carried through his cheekbone into his ear changed. The missile was now tracking the target. . . .
>
> The missile screamed its readiness at the Archer now, but still he was patient. He put his mind into that of his target, and judged that the pilot would come closer still before his helicopter had the shot he wanted at the hated Afghans. And so he did. When the Hind was only a thousand meters off, the Archer took a deep breath, super-elevated his sight, and whispered a brief prayer of vengeance. The trigger was pulled almost of its own accord.
>
> . . . As always, it was almost a sexual release when the launcher tube bucked in his hands. . .

All this caressing! All this nestling! This warbling, whispering, and bucking! In Clancy's world, war takes on the romantic allure most of us find in something else. What was it that Clancy said after the Army let him drive a tank and fire its cannon? "Sixty tons, 1,500 horsepower, and a four-inch gun—that's sex!" And what was his comment after the Army staged mock battles for his viewing pleasure? "It was Disneyland with guns! It was better than sex!"

Well, so what? Clancy is, after all, great airport reading. What's the harm in having such a hoot on paper with wars that never happened? The harm is

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that a lot of people read at the airport—to date, 20 million of them have read Clancy's five books. And there could be at least that many customers for the first Clancy movie—*The Hunt for Red October*—when it comes out next spring. That's millions and millions of people who have gotten most of what they know about warfare and the U.S. military from an ex-insurance agent who never served a day on active duty.

Government by bestseller

And the further misfortune is that some of those fans control the U.S. military. Ronald Reagan called Clancy his favorite author and had him in for a private chat at the White House. With patronage like that, Clancy has had no trouble getting the ear of the National Security Council, the CIA, and the FBI. The Navy lets him go to sea and the Army lets him drive tanks. Dan Quayle is also an admirer; once, in a speech on the Senate floor, Quayle advocated funding the ASAT antisatellite weapon on the grounds that it was what won the war in *Red Storm Rising*. "They're not just novels," Quayle explained. "They're read as the real thing."

Late last summer, George Bush made sure he got a copy of Clancy's newest novel, *Clear and Present Danger*, within hours of its publication, and he recently said that Clancy has made "a marvelous contribution. . . to our literary world and, I also would like to think, to the national security interests of the United States." It's more than a little eerie that just a few weeks after reading Clancy's latest effort, in which the U.S. government turns away from confronting the Evil Empire in order to tackle Colombian narcoterrorism, Bush decided to do the same thing. Have we finally arrived at a new form of polity? Government by Bestseller.

With all this official acceptance, it's hard to remember that Clancy writes *fiction*. Now admittedly, fiction can point to real truths—just think of *Oliver Twist* and *The Grapes of Wrath*—that government and society should take account of. But has Tom Clancy done anything like that? Does he know what he's talking about? He certainly seems to know a lot about how planes, subs, and missiles are *supposed* to work, and how we and the Soviets *intend* to use them. And this makes his books that much more seductive. But is there any reason to think that he knows what will happen when those weapons and those intentions are put into the pressure-cooker of combat? The more complex war has become, the more ways there are for missions to go bad, and the graver the consequences. The history of modern warfare is replete with counterexamples to Tom Clancy's vision. The problem is that history hasn't sold 20 million copies.

How unlike fiction is real war! Clancy has it in his

At virtually every turn of a Clancy novel, it's the wonder weapons that carry the day.

head—and his readers are getting it drummed into theirs—that the U.S. military is a *precise instrument, capable of almost effortless accuracy.* In *Clear and Present Danger*, a Navy bomber pilot en route to the target of his laser-guided bomb thinks of his mission as "too easy." A few pages later, Clancy almost lovingly describes the bombing itself as sure-fire mechanized ballet:

> It landed within inches of its target point, striking the top of the truck. Unlike the first test shot, this bomb was impact-fused. Two detonators, one in the nose and one in the tail, were triggered by a computer chip within a microsecond of the instant when the seeker head struck the fiberglass top of the truck. There were mechanical backups to the electronic triggers. Neither proved necessary, but even explosives take time, and the bomb fell an additional 30 inches while the detonation process got underway. The bombcase had barely penetrated the cargo cover when the bomb filler was ignited by both detonators. Things happened more quickly now. The explosive filler was Octol, a very expensive chemical explosive also used to trigger nuclear weapons, with a detonation rate of over eight thousand meters per second. The combustible bombcase vaporized in a few microseconds. Then expanding gas from the explosion hurled fragments of the truck body in all directions—except up—immediately behind which was the rock-hard shock wave. Both the fragments and the shock wave struck the concrete-block walls of the house in well under a thousandth of a second. The effects were predictable. . . .

Likewise, in *Red Storm Rising*, it's precision that

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"You always assume," said President Kennedy, "that the military and intelligence people have some secret skill not available to ordinary mortals." That assumption is at the heart of Tom Clancy's books. It's the Ollie North fantasy.

turns the tide: Stealth fighter-bombers illuminating targets with lasers allow bombers to destroy 30 of 36 key bridges aimed at and to damage the rest. Indeed, the Soviet commander in chief of the invading forces gets killed by a TV-guided bomb that practically lands in his lap. It's worth noting that although *Red Storm Rising* narrates an all-out conventional war between NATO and the Russians, Clancy's idolatry of precision leads him to overlook the kind of combat that would almost certainly dominate such a war—infantry fighting. It's as if the next war will be all radar and sonar and no firefights in the mud.

And no Libyas. Where was all that precision, all that predictability, that night in 1986 when the U.S. tried to use Clancy's beloved laser-guided bombs to punish Qaddafi? Was that mission "too easy"? Hardly. Although more than 130 U.S. aircraft and nearly 100 tons of explosives were used against Libya, the raid was at best ineffectual and at worst disastrous. Of the nine planes flying over Qaddafi's compound, only two managed to drop their bombs. Both missed their intended targets. Other raiders mistakenly lobbed ordnance into a residential neighborhood, damaging the French embassy and a hospital. One of the Navy raids was said by its commanding admiral to have delivered only 10 percent of its weapons onto its target. And for all the trouble our bombs had in finding targets, they had no trouble finding innocents. The raid killed 43 civilians, including several babies.

Scratch one tugboat

In the same misleading vein, Clancy describes carrier air operations as "going as smoothly as a ballet," even though so far this year, nine U.S. carrier aircraft have been lost at sea, none due to hostile fire. Once, during one of the peacetime carrier cruises I made when I was in the Navy, we lost two aircraft in the same *hour*. When *Washington Post* reporter George Wilson observed the launch of an unsuccessful carrier airstrike against Syrian positions in Lebanon, he found more bungle than Bolshoi:

> The [ordnance men], who had thought launch was going to be at 11 a.m., not 7:20 a.m., had not had time to break out the ordered mix of bombs from their packing cases and get them attached to the bombers. Planes were being assigned to crews as they got loaded, snarling the usual assignment process. . . .
>
> [The crewmembers] looked at each other aghast. There were no bombs on their plane. Yet they were supposed to launch in a few minutes. The [ordnance men] could not get enough Rockeyes, the assigned cluster bombs, broken out and loaded to get them on the bombers waiting to go.

And where, in the world according to Clancy, is there more precision than in our submarine fleet? Why, you wonder, with page after page of our subs almost instantly locating and identifying theirs, do the Russian subs even *bother* putting out to sea? The reason is that most subs—theirs as well as ours—go undetected most of the time. More than a decade ago, when there were dozens of U.S. ships and planes in the South China Sea looking for the *one* Soviet submarine then on patrol there—-and it was an obsolescent one at that; this was before the big Soviet naval build-up of the Cam Ranh Bay naval base in Vietnam—it would still go unlocated for weeks on end. Imagine the difficulties presented nowadays by the increased numbers of quieter Soviet subs. And if Clancy is so well plugged-in, why doesn't he seem to know that the typical Navy sonar contact report is rarely more definite than "a possible Charlie/Victor [two distinct classes of Russian submarines comprising five different models] was last estimated in the vicinity of. . . ," and that the position given is usually several hours old?

A key scene in *The Hunt for Red October* comes

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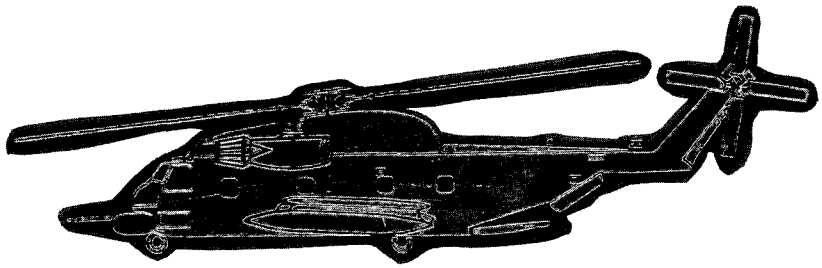

The helicopter on the cover of *Clear and Present Danger*— it flies better in the book than in battle.

when a U.S. submarine and a British carrier consummate a pinpoint rendezvous with a defecting Soviet submarine—such a precise rendezvous that a blinker message can be sent to it. It's an exciting and clever scene. But is it real? If this kind of close maneuvering could be depended on, then why have U.S. submarines been involved in at least 11 collisions at sea since 1980? In the Mediterranean in 1986, a U.S. and a Soviet submarine conducted a much less refined rendezvous than Clancy envisioned—they crashed into each other. And then there's last summer's collision between the U.S. attack sub, the *Houston*, and a tugboat. The *Houston*'s sonar failed to detect the 97-ton tugboat, snagged its towing cable, and sank it—killing one of the tug's crewmen. The calamity occurred while the *Houston* was being used for the filming of. . . can you guess?. . . *The Hunt for Red October*.

Clancy also hallucinates military precision when, in *Red Storm Rising*, he describes a battleship blasting a Soviet artillery position by putting shells within 200 meters of it:

> The center gun of the number two turret loosed a single round. A millimeter-band radar atop the after director-tower tracked the shell, comparing its flight path with the one predicted by the fire control computer. Not surprisingly, there were some errors in predicted wind velocity. The radar's own computer forwarded the new empirical readings to the master system, and the remaining eight main-battery guns altered position slightly. They fired even before the first round landed.

Compare this to the battleship *New Jersey*'s performance off Lebanon in 1983-1984, where its inaccurate fire failed to neutralize military targets while causing many civilian casualties. Even more directly to the point, the battleship in Clancy's scene is the *Iowa*, and the "center gun of the number two turret" on the *Iowa* is the one that blew up in April of this year, killing 47 sailors. Could there be a clearer contrast between the real military and Clancy's than this?

Unknown catastrophes

It's not surprising that Clancy is popular bedtime reading at the White House. In the higher reaches of civilian and military command there is a yearning to believe in something that the Clancy image plays right into: You could call it the Ollie North fantasy. Leaders have a powerful need to believe that when they authorize a military or intelligence operation, *it will happen just the way they ordered it*. This need—and its seductive power—is simple enough to understand. If you are served by experts in command of magic technologies, then all you have to do is make the "go/no go" decision. *Your experts with their magic machines will take care of the rest*. That's all there is to leadership! No need to be up at 3 a.m., worrying if your subordinates are doing the right thing and doing it correctly. You just give the word to go, and then it's off to work for your people, and off to Camp David for you. Isn't that wonderful?

Clancy's quasi-sexual fascination with weapons means that according to him there's nothing like tech and the best tech is high tech. At virtually every turn of a Clancy novel it's the wonder weapons that carry the day. For him the importance and feasibility of Stealth, ASAT, and SDI is beyond question. In an op-ed piece in *The Wall Street Journal* last year, Clancy wrote, "What SDI can and will do is make the process of launching a nuclear strike infinitely more complex and therefore, far less likely. That is something worth doing regardless of cost or effectiveness."

Consider this scene in *The Cardinal of the Krem-*

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lin, where the experts are testing the SDI computer system's ability to handle a massive incoming Soviet ICBM attack:

> "Okay, there's the last shot," an engineer observed. "Here comes the score. . ." "Wow!" Gregory exclaimed. "Ninety-six out of a hundred!. . . People!"—he jumped to his feet—"*we have done it!* The software is in the fuckin' can!"

Somebody should tell this to the Office of Technology Assessment. In OTA's report entitled "SDI: Technology, Survivability, and Software"—published the same year as *The Cardinal of the Kremlin*—you instead find conclusions like this:

> The nature of software and experience with large, complex software systems indicate that there may always be irresolvable questions about how dependable [ballistic missile defense] software would be and about the confidence the United States could place in dependability estimates. . . . In OTA's judgment, there would be a significant probability (i.e., one large enough to take seriously) that the first (and presumably only) time the [ballistic missile defense] system were used in a real war, it would suffer a catastrophic failure.

Unfortunately, while *The Cardinal of the Kremlin* has so far sold about 4.3 million copies, the print run for an OTA report is only about 2,000 copies. That means that for every American who knows experts believe SDI will fail catastrophically, there are thousands who, thanks to Clancy, think it's "in the can."

Clancy also has a crush on the Aegis antiair radar on the Navy's *Ticonderoga*-class cruisers. Here's his description of the system from *Red Storm Rising*:

> The group antiair warfare officer ordered the cruiser's Aegis weapons system into full automatic mode. *Tico* had been built with this exact situation in mind. Her powerful radar/computer system immediately identified the incoming missiles as hostile and assigned each a priority of destruction. . . .

But where was all this immediate identification when the Aegis on the *Vincennes* was confronted not by waves of incoming Soviet cruise missiles but by a single commercial airliner? Iran Air flight 655 was never correctly identified by the Aegis system or the men in charge of it before being shot down. And I'm willing to bet that aboard the *Vincennes* at the very moment of its dismal failure, there were more than a few dog-eared Clancy yarns in circulation. It's not farfetched to think that part of the reason the ship's crew members refused to disagree with what Aegis was telling them was that they were well-steeped in Clancy's world, where the starring roles are played by miracle machines, not common sense.

Clancy's seduction by high tech also leads him to portray some rather hard-to-swallow results in air-to-air combat. In *Red Storm Rising* U.S. planes achieve a 20 to 1 kill ratio against the Soviets. But in reality, the best kill ratio U.S. warplanes ever achieved—it was during the Korean War—was only half that good. In Vietnam, the ratio was only *one-tenth* that good.

Another whiz-bang fantasy Clancy gets in bed with is that modern military communications operate smoothly and almost instantaneously. Here's his description of how word gets out to the fleet at sea:

> The message was automatically relayed to four separate communications stations, and within 30 seconds was at SACLANT headquarters. Five minutes after that, Toland had the yellow message form in his hand. He walked immediately to Admiral Baker and handed the message over.

It's instructive to contrast that with communications between the Pentagon and the *Liberty*, the Navy special intelligence collection ship that was operating off the coast of Israel during the 1967 Middle East war.

Reach out and ignore someone

Late one afternoon Washington time, senior officials at the Department of Defense, alarmed by developments in the war between Israel and the neighboring Arab countries, decided that it was no longer wise for the *Liberty* to proceed as close to shore as was originally planned, and they sent a "Flash" message to the Joint Chiefs of Staff (JCS) telling them to move the ship further out to sea. Around midnight the JCS responded by drafting a message addressed to the ship telling it to remain at least 20 miles offshore. Command and communication procedures required that the message go first to the United States Commander-in-Chief, Europe, who would then pass it on to the Commander-in-Chief, United States Naval Forces, Europe, who would then pass it on to the Commander of the Sixth Fleet, who would then pass it on to the *Liberty*. Despite being a "Priority" message, this new order wasn't transmitted for another 14 hours. And worst of all, even when the message was finally sent, it was mistakenly transmitted to the *Philippines*. A follow-up JCS message, instructing *Liberty* to withdraw 100 miles from the coast, was also misdirected to the Philippines, and then back to the Pentagon and finally to Ft. Meade, Maryland where it was filed without further action being taken. A third JCS message ordering the *Liberty* far out to sea was sent "Top Secret," but this time

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the JCS communication center selected an address list that the *Liberty* wasn't even on. None of these messages was ever received by the *Liberty*, which proceeded unawares to its original close-in station, where Israeli aircraft and torpedo boats mauled it, killing 34 crewmen.

Similarly balky communications dogged the U.S. military at Grenada in 1983, where Army troops often found themselves without the authenticator codes, call signs, and frequencies required to communicate with carrier-based Navy aircraft. Almost every one has heard the story about the leader of a group of pinned-down Rangers who was only able to call in air support by placing a credit-card telephone call back to Fort Bragg in North Carolina.

The smart salute

And when toting up Clancy's beloved gizmos, don't forget the satellites! Not only max-tech but the ultimate point-of-view device for a plot-starved novelist who has to deliver on a three-book deal! They're like having God as a character! In a Clancy book not much gets past all the Rhyolites and KH-14s floating around up there. Read enough Clancy and you'll soon think that for our military, the rest of the world is an open book with pictures. But wait a minute—despite the constant use of satellites, we still don't know where our Middle East hostages are. And remember the raid into the Son Tay prison camp in North Vietnam? The raiders didn't have a clue that the camp, which had been checked out by satellites for weeks, was *empty*.

It wouldn't be accurate to say that nothing ever goes wrong for the "good guys" in a Clancy book. In *Red Storm Rising*, the carrier *Nimitz* is hit by three cruise missiles after its defending pilots get suckered by a Soviet trick. And a U.S. sub is depth-charged by a Soviet ship right on top of it. But Clancy has the *Nimitz* and the sub survive. I give Clancy credit for having an F-15-launched ASAT blow up in that book. But I take it away again because he doesn't have that mishap destroy the fighter plane or kill the pilot. In Clancy combat, almost all the fog of war settles on the other side.

There's a corollary to Clancy's apotheosis of military technology: Since it's machines that interest him most, *the characters in his stories are machines too.* Here's an Air Force pilot from *Clear and Present Danger*:

> As some men were born to play baseball, or to act, or to drive race cars, Bronco Winters had entered the world for the single purpose of flying fighter planes. He had the sort of eyesight to make an ophthalmologist despair, coordination that combined the best of a concert pianist and the man on the flying trapeze, and a much rarer quality known in his community as SA—situational awareness. Winters always knew what was happening around him. His airplane was as natural a part of the young man as the muscles in his arm. He transmitted his wishes to the airplane and the F-15C complied at once, precisely mimicking the mental image in the pilot's mind. Where his mind went, the airplane followed.

The Clancy character who best personifies this kind of mechanical perfection is Jack Ryan, the protagonist of four of Clancy's books. A crack shot, Ryan's a former Marine officer with lightning reflexes; he's also a steel-trap Ph.D. who teaches history at the Naval Academy and who periodically helps the CIA save the day. In Clancy's world, our military and intelligence people are almost routinely this high-powered, this perfect. That feature sets up in the reader's mind the most dangerous expectation of all: *No matter how major the problem, no matter what's at stake, just let "our people" handle it. They know what they're doing, they've got everything under control. They'll take care of it. Don't worry about a thing.*

But no matter how well-trained the soldiers, there's always something to worry about. Eighty percent of the elite British airborne troops in the air assault on Arnhem in 1944 were killed or captured because commanders failed to correctly analyze the intelligence they had indicating the nearby presence of German armor. Despite incredible levels of proficiency, the Navy's SEALs were ineffective in Grenada and the Army's Delta Force was unable to rescue TWA 747.

On the eve of the Bay of Pigs invasion, a veteran Marine colonel was dispatched by Washington to inspect the Cuban Brigade. President Kennedy was depending on his expert opinion. The colonel sent back this message:

> My observations have increased my confidence in the ability of this force to accomplish not only initial combat missions, but also the ultimate objective, the overthrow of Castro. The Brigade and battalion commanders now know all the details of the plan and are enthusiastic. These officers are young, vigorous, intelligent and motivated by a fanatical urge to begin battle. . . . They say they know their own people and believe that after they have inflicted one serious defeat upon the opposition forces, the latter will melt away from Castro, whom they have no wish to support. They say it is a Cuban tradition to join a winner and they have supreme confidence they will win against whatever Castro has to offer. I share their confidence.

Kennedy was initially skeptical of the exile inva-

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sion plan that he'd inherited from Eisenhower, but he'd already been buffeted by similar positive assessments from the Joint Chiefs and the CIA, so he took this eleventh hour message as the final assurance from the "experts." It convinced him to authorize the operation. The invasion, pitting 1,200 ragtag exiles against 200,000 Castro soldiers, and operating without adequate aircover, was crushed within days.

It's well known from the writings of Arthur Schlesinger that the moral Kennedy drew from the Bay of Pigs debacle was "never to rely on the experts." It's particularly hard to learn this lesson when it comes to military operations. Despite his own first-hand experience of the complex realities of combat, Kennedy let his admitted fascination with military dash—*his* favorite writer was Ian Fleming, don't forget—carry the day. "If someone comes in to tell me this or that about the minimum wage bill," Kennedy

WHO'S WHO

Sig Rogich, who joined the White House staff last month, is supposed to play the image-making role in **George Bush**'s administration that **Michael Deaver** performed in **Ronald Reagan**'s. He is from Nevada, where he owned a slot machine company and served as a boxing commissioner and as a member of the board of Bally's casino in Nevada. . . .

The senators most likely to be tarred by the S&L scandal are **Alan Cranston** and **Dennis DeConcini**, both of whom were the beneficiaries of large campaign contributions and loans from **Charles Keating**, the head of the infamous Lincoln Savings and Loan, in behalf of which Cranston and DeConcini repeatedly intervened with federal regulators. Cranston is personally responsible for the survival of **M. Danny Wall**, who had played a prominent role in the failure of savings and loan regulation during the eighties, as a leading player in the reorganized regulating apparatus that will oversee the industry in the nineties. . . .

For the honor of being the senator most likely to suffer from the HUD scandal, the contender that stands out is **Alfonse D'Amato**. . . .

The top candidates for the chairmanship of the National Transportation Safety Board are **Jim Burnett** and **James L. Kolstad**, both of whom are current members of the board. Of the two, Burnett has been much more courageous in taking on the airlines on safety issues. . . .

John Sununu was recently asked by a friend of his and ours if he felt he was the president's most influential adviser. Sununu's answer was: "Number three. [James] Baker is number one, and [Richard] Cheney is number two.". . .

Sununu, by the way, is said to be bad-mouthing **Lee Atwater** and the Republican National Committee over the 1,602 vote loss of the special election in Texas to choose **Jim Wright**'s successor. He feels that Atwater and the press did not take advantage of the repeated offers he made to get George Bush involved in the campaign. . . .

The officials who will decide next spring whether the federal government will demand more cleanup by Exxon in Alaska are the local Coast Guard commander and a committee composed of **Manuel Lujan**, **William Riley**, **John Knauss**, and **Clayton Yeutter**. . . .

Speaking of Lujan, a major battle is being waged between his subordinates at the Department of Interior. The conservatives are led by **Lou Gallegos**, the assistant secretary for policy, budget, and administration, who sits in the former undersecretary's office and is said to be running the department. His main allies are **Thomas Weimer** and **Mary Ann Bach**, both former Lujan associates from New Mexico or Capitol Hill. They are opposed by a moderate faction led by undersecretary **Frank Bracken** and **Connie Harriman**. If you suspect Exxon may have much left to do in Alaska, root for the Bracken group. . . .

Speaking of Interior, the Reaganites managed to handle their departures in such a way that their expenses for moving back home have been paid by the federal government, in contradiction of the spirit, if not the letter, of government regulations. Among the beneficiaries are **Frank Dunkle**, director of the Fish and Wildlife Service, **William Mott Jr.**, director of the Park Service, and **Robert Burford**, director of the Bureau of Land Management. Yes, Robert is Ann's husband. . . .

Ins—*Commerce:* Assistant Secretary for Oceans and Atmosphere—**Jennifer Joy Wilson**. *Defense:* Assistant Secretary for Management and Personnel—**Christopher Jehn**. *State:* Ambassador to Haiti—**Alvin P. Adams Jr**. Ambassador to the Ivory Coast—**Kenneth Brown**. *Veteran's Affairs:* Assistant Secretary for Human Resources and Administration—**Ronald E. Ray**. Assistant Secretary for Information Resources Management—**Edward G. Lewis**. *Agencies and Commissions:* Chairman, Federal Communications Commission—**Alfred C. Sikes**. Member, Board of Directors of Comsat—**Barry Goldwater**.

Outs—*Commerce:* Assistant Secretary for Oceans and Atmosphere—**Kent Burton**. *Housing and Urban Development:* Chief of Staff—**Wendell W. Gunn**. *Agencies and Commissions:* Commissioner, Securities and Exchange Commission—**Charles C. Cox**.

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later confessed to Schlesinger, "I have no hesitation in overruling them. But you always assume that the military and intelligence people have some secret skill not available to ordinary mortals."

That assumption, which is at the heart of Tom Clancy's books, is the Ollie North fantasy: *The president wonders, "Can we take that hill?" The handsome young officer salutes smartly and says without the faintest quiver in his voice, "Yes, sir. I will take that hill. Don't worry about a thing." And while the president is off riding horses at the aptly named Rancho Mirage, the image of the officer's impeccable dress uniform still resplendent in his memory, the young officer is losing most of his troops because that hill was much better defended than he knew. Or he's taking the hill but only by razing the surrounding valley for miles in every direction. The better defenses, the surrounding valley—the president didn't ask about them and he wasn't told. For him the smart salute was enough.*

In *Red Star Rising*, U.S. planes achieved a 20 to 1 kill ratio against the Soviets. In reality, the best kill ratio the U.S. ever achieved was only half that good. In Vietnam, it was only one-tenth that good.

The smart salute is never enough. Thinking so is where the Bay of Pigs came from. Where all the Mayaguezs and Desert Ones in our past come from. Reality is rather more complicated. On the one hand, the traditional liberal's reflexive rejection of almost any risky military or intelligence operation is wrong. Heroism and technology *do* have roles to play. There were, after all, such coups as the Doolittle raid on Tokyo, the Inchon landings, and Entebbe. On the other hand though, the conservative's equally reflexive enthusiasm for such undertakings evinces a naive view about what it takes for them to work. Both sides are wrong: Not all military and covert operations are *bad*, but all should be thoroughly *suspect*. They should be planned and conducted in an atmosphere of maximum questioning.

I've talked to Tom Clancy once. His publicist put me in touch with him in connection with a magazine article I was doing. It was a pretty natural fit: we're both from Baltimore, both write about the military, and I was once a naval intelligence officer. The conversation was going along fine until Clancy found out that I'm not as enthusiastic about aircraft carriers as he is. He dismissed my point of view as a "liberal shibboleth" and quickly declared the interview over. Tom Clancy doesn't have room for maximum questioning.

Subliminal bombardment

As Kennedy learned in the hardest way possible, the expectations about the military Clancy leaves us with are pure poison, all the more so because they are so attractive. It *would* be wonderful if they were true; military and covert operations are a messy business—how nice it would be not to have to worry about them! As nice as it is for a child to be able to let Mummy and Daddy worry about the next meal and the new shoes. But the spotty American military record of the past 30 years (a record so spotty that failures like the Son Tay raid have come to be viewed as successes) shows that combat operations cannot be left to "experts" using "magic" machines—they require the hard work of constant outside supervision. There comes a time to grow up. Tom Clancy can be entertaining, but he's not adult reading.

The overwhelming majority of Clancy's readers are life-long civilians who have no direct military experience to help them challenge him. So when they read page piled on page of the marvels wrought by Jack Ryan and his fellow military magicians, readers are more or less defenseless against Clancy's subliminal bombardment of them with the Ollie North fantasy: *We've got everything under control. We've got everything under control. Don't worry. Don't worry.*

Of course, the scariest part is that so many of our military men and political leaders unflinchingly accept the message too, even though it makes about as much sense for the Pentagon to consult Tom Clancy as it does for the Supreme Court to consult the producer of "L.A. Law." And how could Ronald Reagan's Army experience making propaganda films position him to disagree with Clancy? Or Dan Quayle's National Guard experience? So powerful is the fantasy that even combat veteran George Bush has obviously succumbed if he thinks Clancy has made "a marvelous contribution to. . . the national security interests of the United States." On the contrary! DON'T WORRY is warfare's most dangerous phrase. It's the credo for almost all military disasters. No, Clancy's message is a *threat* to national security. America, stop buying it. ❑

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AND HE ALSO SET ASIDE $275 FOR HEALTH CARE

President Saddam Hussein of Iraq has offered $1.5 million to any Iraqi who can show how King Nebuchadnezzar watered the Hanging Gardens of Babylon.

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Sunday Times Union Albany, N.Y., Sunday, Sept. 24, 1989

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GREAT MOMENTS IN LEGISLATION

The New York State legislature passed, and Governor Mario Cuomo signed, a law requiring new buildings to have the same number of toilets in men's and women's restrooms. The lone dissenter to the bill objected on the grounds that women should have more toilets "because women take longer."

STILL CRAZY AFTER ALL THESE YEARS

According to *Washingtonian* magazine, former Secretary of State Alexander Haig's reaction to the military action flick *The Package* was "It made me nostalgic for arms talks and violence—it's a great dialectic."

• • • • • • • • • • • • • •

IT MADE ME NOSTALGIC FOR RELEVANT LEGISLATION AND MEANINGFUL POLICY—IT'S A GREAT DIALECTIC

The Washington Post reports that during a recent golf outing President Bush roared with laughter after his national security advisor Brent Scowcroft hit an exploding golf ball Bush had slipped onto the tee.

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Law School Lite

by Daniel Pink

If the popular conception of law school has been embodied in a single person, that person is Professor Charles Kingsfield. The imperious Kingsfield made life miserable for students in *The Paper Chase*. He was always intimidating—at times even frightening—but beneath his scowling condescension lurked a goal.

In one famous scene he explained the purpose of law school. "You come in here with a skull full of mush," he barked, "and you leave thinking like a lawyer." Professors and practitioners agree: learning to think like a lawyer is what a good law school is all about.

Today Kingsfield has a competitor for Law School Icon. He is Steven Emanuel, a mustachioed, red-haired lawyer-turned-businessman who peddles his wares to America's 120,000 law students. His products? Twenty-six books that outline and summarize the major courses. Last year he sold the *Emanuel Law Outline* ($17.95) on constitutional law to more than one out of three first-year law students.

Emanuel, who began his career by selling a home-made outline to his civil procedure classmates at Harvard Law School, says his outlines have made him a "cult figure in American law schools." He is more accurately the Lee Iacocca of a burgeoning industry: commercial legal outlines and "canned briefs"—Cliffs Notes for law school, if you will. Today, students frequently use Emanuel's guides or those put out by his competitors— *Gilbert Law Summaries*, *Sum and Substance*, *Black Letter Series*, *Legalines*, *Casenote Legal Briefs*, and *Nutshell Law Outlines*—for that extra edge in class and on exams.

"Considering you're spending thousands upon thousands of dollars for law school, an extra $12 [for a commercial outline] is just not consequential," says Stanley D. Chess of Harcourt Brace Jovanovich, which publishes *Gilbert Law Summaries*.

Chess might have it wrong. After spending upwards of $20,000 a year to learn to think like lawyers, students could be plunking down an extra 12 bucks to defeat the entire purpose. Although law schools have the vice of brainwashing students with an adversarial approach to human affairs, at their best they do have the virtue of teaching students how to think. But not if students are foolish enough to depend on these outlines.

The exploding valise

Here's how the commercial aids work, and why they can be dangerous. Take the venerable 1928 case, *Palsgraf v. Long Island R.R.*. A man ran to catch a train as it was pulling out of the station. Two railroad employees struggled to get him on board. They succeeded, but in so doing dislodged an unmarked pack-

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age the man was carrying. The package, which turned out to contain fireworks, fell to the track and exploded on impact. The explosion rocked the train platform, toppling some scales. The scales struck and injured Mrs. Palsgraf, who was waiting on the platform. She sued the railroad.

Three outlines offer three different views on what the issue is in this famous case. *Emanuel* says it's negligence: "Whether, given the fact that the defendant had been negligent toward someone, this negligence was enough to give rise to liability to the plaintiff, injured by fluke." The *Casenote Legal Brief* talks about duty: "Did there exist a duty by [the railroad] to Mrs. Palsgraf by which [the railroad] would be liable had it breached that duty by its negligence?" And *Legalines* thinks the issue hinges solely on whether any "risk of harm to the plaintiff was foreseeable."

None of these issues is technically "wrong," although most torts professors would dispute them all. What *is* wrong, though, is that the outlines lead students to believe a case has one "right" issue, one monolithic meaning, one "answer." For thoughtful students, *Palsgraf* isn't about trains and negligence any more than *Crime and Punishment* is about a guy who kills his landlord.

Sure, a case's issues and outcome are important, but students who make a beeline to the holding jeopardize their educations. They sacrifice the learning and excitement that accompany the journey.

The majority opinion in *Palsgraf* is by one of America's greatest jurists, Benjamin Cardozo. He begins by summarizing the facts, and then moves immediately to his conclusion, that the railroad wasn't negligent towards Mrs. Palsgraf because it owed no duty to her in the first place. "Nothing in the situation gave notice that the falling package had in it the potency of peril to persons thus removed," Cardozo writes. Since "no hazard was apparent to the eye of ordinary vigilance, an act innocent and harmless" cannot make the railroad liable to people standing on the platform.

But Cardozo doesn't stop there. He takes readers on a few scenic byways. "A different conclusion [from his]," he writes, "will involve us in a maze of contradictions." He asks if the railroad would be liable if someone kicked a bundle of newspapers that turned out to be a can of dynamite. How about if someone left an explosive-filled valise on the platform? His final example is his best:

"One who jostles one's neighbor in a crowd does not invade the rights of others standing at the outer fringe when the unintended contact casts a bomb upon the ground. The wrongdoer as to them is the man who carries the bomb, not the one who explodes it without suspicion of the danger. Life will have to be made over, and human life transformed, before prevision so extravagant can be accepted as the norm of conduct, the customary standard to which behavior must conform."

After spending upwards of $20,000 a year to learn to think like lawyers, students could be plunking down an extra 12 bucks to defeat the entire purpose.

None of the commercial outlines even mention, let alone quote, this commanding passage.

Cardozo next addresses what it means for an act to be "wrongful." Wrongfulness does not exist in a vacuum but depends on how much risk a situation presents. That's why driving fast on a crowded street is wrong but driving fast on a motor speedway is not. Cardozo uses that example to guide us back to Mrs. Palsgraf's predicament:

"If the guard had thrown [the package] down knowingly and willfully, he would not have threatened the plaintiff's safety, so far as appearance could warn him. His conduct would not have involved, even then, an unreasonable probability of invasion of her bodily security. Liability can be no greater where the act is inadvertent."

I have that passage underlined in my torts book. Next to it I wrote, "Why is this point so persuasive?" Cardozo had taken me along on his journey, and though I wasn't sure exactly where we were going, I was seeing (and learning) a lot along the way.

Just when Cardozo has you convinced, along comes Judge Andrews. His spirited dissenting opinion, which receives short shrift in the commercial guides, is also compelling. Andrews believes individuals owe a duty of care not just to certain people, but "to the world at large for those acts that may unreasonably threaten the safety of others." That belief raises political and philosophical questions *Legalines* does not address.

Andrews's broad notion of duty leads him down a different path. Unlike Cardozo, he thinks the railroad

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did owe a "duty of care" to the people on the platform and that it breached that duty—the definition of negligence—when it bobbled the explosives. That means Andrews asks a question Cardozo doesn't reach: Did the railroad's negligence *cause* Mrs. Palsgraf's injury? He cautions, though, that:

"Any philosophical doctrine of causation does not help us. A boy throws a stone into a pond. The ripples spread. The water level rises. The history of that pond is altered to all eternity. It will be altered by other causes also. Yet it will be forever the resultant of all causes combined. Each one will have an influence. How great only an omniscience can say."

Steven Emanuel is not that omniscience.

Andrews then descends from these considerations to confront the crucial, earthier, question: Was the railroad's negligence so connected to Mrs. Palsgraf's injury that the railroad should be held liable? Andrews reasons that the explosion was a substantial factor in producing the harm; had it not occurred, Mrs. Palsgraf would not have been hurt. The blast directly and inevitably resulted in her injury; no other forces intervened. Now, to determine whether A proximately caused B is not always easy. "We draw an uncertain and wavering line," Andrews admits, "but draw it we must as best we can." He draws his line and concludes the railroad *is* liable for Mrs. Palsgraf's injuries.

Who's right now? Cardozo or Andrews? It doesn't matter. It's the excitement and stimulation of arguing such cases back and forth with the professor that does. That's how law school develops the mind. The case outlines don't do any good in these discussions.

Students who take the commercial outline express-route bypass debate. They settle for, say, *Gilbert*'s view of a case instead of joining the fray and wrestling to reach their own conclusions. They sacrifice the journey in order to be teleported to some supposed answer.

Palsgraf must be read more than once. The writing is graceful, the reasoning subtle. It discusses some of the fundamental conundrums of tort law and makes forays into logic, politics, time and space, social obligation, and human nature. Students who journey through a case, who analyze it on their own, have started to think like lawyers. They've done Professor Kingsfield proud. Students who read only an outline or canned brief (or who read a case but go to the study aids for the meaning) are wasting 20 grand.

Where *Palsgraf*'s language is rich and absorbing, the language of the commercial crutches is generally short and imprecise. *Casenote Legal Briefs* even has a condensed version of each synopsis. Late for class? Gulp some coffee and skim *Casenote*'s 67-word summary and explanation of what even *Emanuel* calls "the most famous tort case of all time." You'll know some lady got bounced on a railroad platform, sued, and lost. If your professor calls on you, just spit out *Casenote*'s Concise Rule of Law: "The risk reasonably to be perceived defines the duty to be obeyed." That's probably close enough to avoid much in-class embarrassment. *Legalines* is similarly spare—only about 400 words to describe and discuss this complex case. Nuance is nonexistent.

Out of the closet

There is yet another problem with the outlines. They dictate to students where a case belongs in the overall context of tort law. *Legalines* cubbyholes *Palsgraf* in Chapter VI: Proximate Cause, Part B—Unforeseeable Consequences, Section 9—Duty Owed to the Plaintiff. An important facet of thinking like a lawyer is piecing together cases, statutes, principles, and ideas. The process is more important than the product. Outlining a course ourselves forces my classmates and me to consider the connections between cases, to see how doctrines are built, and to glimpse at semester's end the unity of a body of thought. Commercial outlines, by contrast, are like microwave meals; the synthesis of the material is ready-made—no thought required. Commercial outlines are a form of "passive and spoon-fed learning" that can be a "substitute for thinking," says Colin Diver, dean of the University of Pennsylvania Law School.

Fifteen years ago commercial outlines were generally not sold in law school bookstores. Now "it's out of the closet," says *Gilbert*'s Chess. Harvard's main bookstore, the Coop, reports that the materials are "very popular." At Ohio State, at least two-thirds of the student body buys outlines, often more than one for each course. Columbia has a bookstore that sells *only* commercial study aids. The store, run by the aptly named *Journal of Law and Social Problems*, does a brisk business the first few weeks of each semester and around exam time.

What drives students to buy summaries and outlines are often the qualities that got them to law school in the first place: a mix of competitiveness and anal retentiveness. At prestige schools most students have been in the top 10 percent of their class since kindergarten, so 90 percent are in for a new experience. And at other schools, high-paying jobs go only to the top students. So competition is keen for high exam grades and spots on Law Review. Buying an Emanuel guide or a *Gilbert* is a way to give yourself an edge or to be sure the other students don't have one.

It is also possible that a responsible, conscientious

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student who has done all the hard work might still try an outline for another view of a case but won't necessarily adopt that view as his own. And some law school teaching is so opaque, confused students must seek outside sources for clarity. Sometimes outlines can even be a saving grace—like when a rough night prevents you from finishing your lengthy property assignment. Regular use and dependence are the real dangers.

It's true that many things we "learn" in law school have no bearing on our future legal practice. At one point I knew the six requirements (or are there five?) for the running of the burden of a real covenant. I can't recite them anymore and probably will die without ever having to. Yet I did learn something that will be useful in practice. I learned how the requirements developed, considered the rationale behind them, and, most important, reasoned along with the judges who wrote the opinions in these property cases. That's why any serious lawyer would rather read a case herself than have a faceless scribe at *Casenote Legal Briefs* tell her what it's about.

Law schools are not barber academies. They do not teach students how to *practice* law. At their best, law schools are thinking schools. They train future lawyers, judges, government officials, CEOs, journalists, and cabinet members how to think. Commercial outlines and canned briefs hardly serve that goal.

These law school Cliffs Notes also reflect a troubling trend in American education. Consider a typical student. In college or shortly thereafter, he decides he wants to go to law school (or that he can't think of anything better to do). Because the LSAT is important in admissions, he'll take a Stanley Kaplan cram course to prepare. Once in law school, he'll use an *Emanuel* to study for his exams and try to nail that Wall Street job. When he graduates he faces still another hurdle, the bar exam. To prepare for that he'll take a review course.

The system is so focused on numbers (LSAT scores, exam grades, bar results) and credentialism it has created a culture that discourages intellectual and practical skills. As a result, students will seek (and pay for) commercial outlines or anything else that will boost their scores a few points.

The problem is that clients want attorneys who can write wills and negotiate contracts, whose weapons are their minds—not their *Gilberts*. America needs legislators who can solve problems—not parrot *Emanuel*'s view of strict liability.

Professor Kingsfield would be aghast. Today many students who enter law school with a skull full of mush leave with only student loans to pay back and a few *Emanuel* outlines tucked under their arms.

Think about that the next time you need a lawyer. ❑

THE WASHINGTON MONTHLY

Journalism Award

for August 1989 is presented to

Steven Brill
The American Lawyer

Brill tracked a young assistant district attorney through the Manhattan court system for several months. The result is a detailed narrative that makes the legal culture's bizarre rules intelligible and its frustrations palpable. Brill follows a series of straightforward cases made interminable by lazy judges and absentee lawyers procrastinating their way through abbreviated workdays. He concludes that in the middle of a widely proclaimed urban crisis, we run our law enforcement system "like a third-rate motor vehicles bureau." He calls for putting the courts on a "war footing": tougher sentencing, a public service draft for all law school graduates, and spending to match the crisis rhetoric.

The Monthly Journalism Award is presented each month to the best newspaper, magazine, television, or radio story (or series of stories) on our political system. Nominations for any newspaper, magazine, or radio or television station in the country are welcome. The subject can be government in its federal, state, or municipal manifestation. Please send nominations to Monthly Journalism Award, 1611 Connecticut Ave. NW, Washington, D.C. 20009. Two copies of the article or broadcast text should accompany the nomination.

The award for stories published or aired in September will be announced in the December issue. Nominations for stories published or aired in October will close November 15. The winner will be announced in the January issue.

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What the Smartest Man in Washington Doesn't Understand. And Why it Will Hurt You.

While OMB fiddles with numbers, Washington burns.

by Jason DeParle

The piles of briefing materials that crossed George Bush's transition desk probably didn't contain a 1964 Burt Lancaster film called *Seven Days in May*. That may have been the first major mistake of his presidency. In 118 minutes, the film could have taught him more about government than any volume of Heritage Foundation reports and CIA cables. In fact, it could have taught him the most important presidential lesson he could learn.

The film opens with ominous news: President Jordan Lieman has just discovered that the Joint Chiefs of Staff are plotting a coup. The word comes not through the extensive bureaucratic channels that are supposed to keep the president posted but by way of a lone colonel who happens to stumble across the plot. The president needs to know more, and he needs to know it quickly, but where can he turn? He calls on his oldest (though drunken) friend, Senator Ray Clark, for the treacherous mission. "I don't like sending you. . ." the president apologizes, "but if there were anyone else I could trust. . . ." Clark has to dash around the Texas desert, sweet talk a hooker, and escape from the plotters' prison, but in the end he gets the job done. The threat is defused, and the Republic endures.

While the odds of a contemporary coup may be slight, the film's instructive potential remains great. Should it make its way into the White House theater anytime soon, Bush would do well to ask himself these questions: Why wasn't the president getting a steady stream of information all along, as the plot was developing? And why, once he stumbled upon it, could he trust only a personal friend to tell him the truth?

The absence of a military revolt notwithstanding, you can bet that Bush, like Lieman, presides over a government in which any number of major and minor disasters are ticking along undetected. "It's incredible that a secret base could have been constructed without our hearing about it sir," Lieman's aide murmurs in the film—but, as anyone familiar with the federal government knows, it's not incredible at all. While Washington has so far escaped a coup, in recent months it has been hit with the equivalent in bureaucratic bombshells: a $166 billion explosion called the S&L crisis, a $130 billion breakdown in our nuclear weapons plants, and a fairy tale of greed and neglect at HUD, whose bill—$10 billion or so—is smaller than its sordidness. The main difference between the film and reality is that reality hasn't been fortunate enough to have a happy ending.

Jason DeParle is an editor of The Washington Monthly. *Research assistance was provided by John Heilemann, Andrea W. Hoopes, and Ralph Whittum.*

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In film or in fact, the president shouldn't have to rely on drunken old senators to save the day. Generals, cabinet officers, and agency heads are supposed to keep him in the know. And, within his bureaucratic army, one sentinel in particular should make certain that the president has the information he needs: the Office of Management and Budget. As the political scientist Richard Neustadt told John Kennedy during the 1960 transition, OMB (then called the Bureau of the Budget) is "the nearest thing to institutional eyes and ears and memory. . . which will be available to you."

Eyes and Ears to a president! It's quite a responsibility, and it's no surprise that OMB enjoys a position of almost unparalleled prestige in the government. Two of its recent directors—first David Stockman and now Richard Darman—were said to be the smartest people in Washington. And both, in fact, are supremely smart men. The same goes for most of the organization's staff. Hardly anyone describes it without resorting to phrases like "cream of the crop," which in some sense it is.

Why, then, is it that HUD coups, and S&L coups, and weapons-plant coups, and any number of other bureaucratic bungles are catching us unaware? Perhaps the most instructive scene of *Seven Days in May* comes just after the president learns of the planned mutiny. His aide says, "Yes, sir, I'll call Bill Condon in the Bureau of Budget—right now," rightly assuming that if anyone should have the details, he should. But poor Condon may be the most authentic Washington figure Hollywood has produced: he doesn't have a clue. For those of us stuck not with film presidencies but with real ones, an obvious question arises: If OMB is so smart, why is the government so screwed up?

Deregulating in the dark

The problem is that the agency employs the wrong kinds of people and has them do the wrong kinds of things. OMB sports a building full of numbers-men—grand totalers adding up the digits, with adding machines whirring and slide rules flying. But to serve as the president's eyes and ears, OMB needs to go beyond numbers to program analysis—it needs to know what programs are working, what programs aren't, and why. When it looks at, say, the Department of Energy, it should be asking questions like these: How many different nuclear weapons plants do we need? Are they working? Or are they sending radioactive waste into the Georgia groundwater? If so, what can we do to fix them?

Answers to these kinds of questions don't come easily and don't emerge from the numbers alone. To get them, OMB needs an abundance of investigative talent—an army of Sy Hershes. (And all the better, if the investigators have had some government experience and know the bureaucratic cons—Sy Hersh after he's worked as a GS-9.) Only after OMB has answered the bigger questions about what's working and why, can it address the ones that now obsess its numbers-oriented staff, such as "What does it cost?" and "Can we afford it?" Phrased differently, the agency needs to knit its "M" functions (management) with its "B" functions (budget)—for without knowing whether a program is needed or works, how can a budget office determine a proper level of funding?

> "Examiners feel they are manipulating numbers in the abstract and progressively losing sight of what lies behind them."

Instead, OMB has segregated its M and B functions and set each side to work furiously at tasks that bear little relation to the real needs of government. On the M-side, it has spent part of its time futzing with minor reforms like paperwork reduction and part of its time waging an ideological war on regulation. But virtually no one on the M-side has been charged with getting out of the Executive Office Building to discover what needs less regulation and what needs more.

While the M-side has ideologues deregulating in the dark, the B-side has technocrats playing with make-believe numbers. OMB sets them to work with endless computations about the federal budget. Rather than perform the program analysis that asks, "Is this job-training program needed, and does it work?" OMB budget examiners spend most of their time answering questions like these: "What would be the potential savings if we changed the means test from $10,000 to $8,000? Estimate the savings three different times, assuming inflation at 4 percent, 6

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percent, and 8 percent. Now let's run those figures a few more times, assuming unemployment at 5 percent, 5.5 percent, and 6 percent." Finding the answer may require quite a sophisticated use of mathematical models. And, at some stage in policy planning, the answers are important to know. The problem is that this has become OMB's main function—and it tells you nothing about whether anyone's actually being trained for a job.

Don't assume someone else knows the answer; OMB isn't the only government watchdog asleep on the job. The failure to detect and prevent billion-dollar screw-ups is shared by the agencies themselves, inspectors general, congressional oversight committees, and the General Accounting Office (see John Heilemann, page 38)—not to mention the press, which perversely continues to dispatch its brightest stars to glamor beats like the White House, where they spend their days shouting questions at the president's helicopter instead of digging into the realities of the president's programs. The best we get from watchdogs these days are post-mortem analyses—i.e., the press's too-little, too-late autopsy of the S&L scandal—rather than up-front reporting that could head the problems off. But while oversight failures are widespread, OMB's mission is special. It's the *president*'s watchdog, after all, and the keeper of his purse. If the rest of the government, including the rest of the government's watchdogs, truly felt the president's eyes and ears upon it, there'd be more people too frightened or ashamed to give us the boondoggles we've come to expect.

With the appointment of Richard Darman as budget director, OMB has recently had a special chance to transform itself into the kind of agency it should be. The words "independent program analysis" may not be on many Washingtonians' lips, but if anyone could put them there—and explain how they could help rescue the government—it's Darman. He's the "most brilliant intellect" in government, says *Newsweek*. (Perfect SATs, says Darman, whose virtues don't include modesty.) Perhaps even more important than his brains is his experience. Darman's held jobs at the Commerce Department, Treasury, Justice, State, Defense, and what used to be Health, Education, and Welfare. There's probably no one in Washington, and certainly no one in the government, who should know more about which programs work, and which don't, and how to find out.

The scene that could have truly shot fear into the hearts of GS-15s, and new life into the government, was this: The new budget director, at his confirmation hearings, declares his intention to become the Oversight Czar. "New Mission Cited for OMB," the *Post* headline could have read—maybe even, "In Unusual Hire, Darman taps Hersh as Deputy." In so doing, Darman could have secured a reputation for himself as not only smart but wise.

Nothing like that happened. After 10 months, there's no meaningful sign of OMB change, no indication that it will play a more meaningful oversight role in the future than it has in the past. If anything, the agency's existence as a numbers factory has taken on an extra edge of irony: Darman now presides over an agency obsessed with finding clever (and typically illusory) budget cuts made necessary by the tax cuts that his earlier cleverness as a White House strategist helped sell.

On the few occasions when Darman has had to face criticisms of OMB's oversight failures, he's done so in ways that reflect no deep understanding of the problem, and no resolve to change it. One critic is the GAO, which in May issued a report politely titled, "Revised Approach Could Improve OMB's Effectiveness." Another critic is Senator John Glenn, whose committee has been holding hearings on the poor performance of government watchdogs. Showing a talent for saying the right things at the right times, Darman recently told Glenn that OMB needs to "help reduce the problems that failures of collective oversight, including its own, may have produced." He added that he agreed with the call for "better integration of management and budget functions."

What's missing is action. Longtime OMB employees say the pressures for numbers production are as intense as ever; in the words of one, there's "not much that he's done that would suggest a change."

Dick's slick tricks

Chances are that on June 10, 1921, as he signed the Budget and Accounting Act, Warren Harding had no idea how much good he might be doing the world. The law created not only BoB/OMB but blessed it with an institutional twin—the GAO. Though joined at birth, they were physically separated by Pennsylvania Avenue, with the GAO reporting to Congress and BoB to the executive branch. The agencies had the potential to grow up as Washington's baddest brothers—the Leon and Michael Spinks of the capital—knocking out programs that were irrelevant or ineffective. But neither ever approximated its potential as a government watchdog. Both were more likely to know the cost of toilet paper in the Pentagon's men's room than whether the military's latest super-gadget would fly. While GAO, which is about 10 times larger than OMB, has made slight improvements in recent years, OMB has gone from bad to worse.

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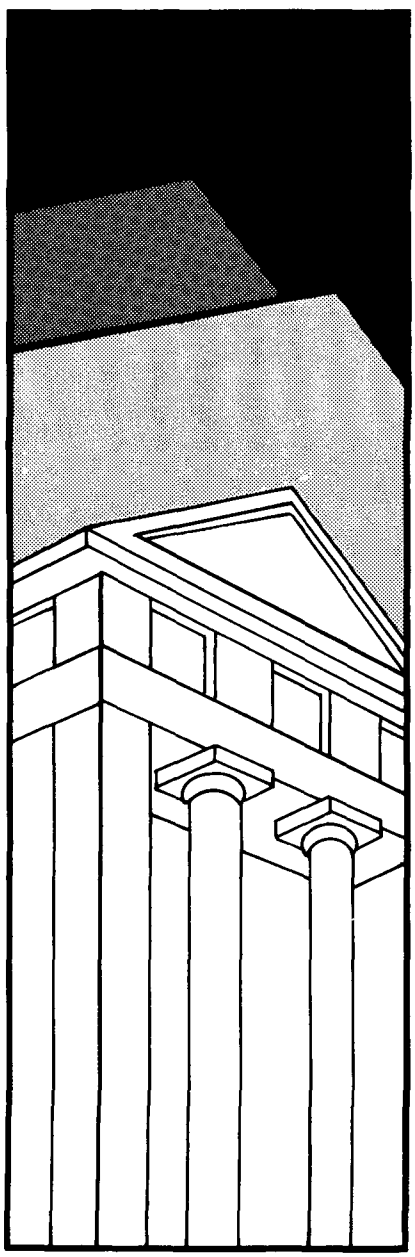

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Although OMB never conducted program evaluation as much as it should have, there was a time when its analysts came closer than they do today. Richard Stubbing's experience is instructive, both of the type of people OMB should hire and the type of work they should do. He joined the Budget Bureau as an analyst in 1962 after serving as a junior naval officer in the 1950s. Early in his OMB tenure, Stubbing called the Pentagon to ask how the Navy had decided it needed 240 destroyers in the fleet. "Why, come on over, Mr. Stubbing," an admiral suggested, and Stubbing, elated at his high-level access, paid the Pentagon a visit. The admiral delivered a two-hour lecture, explaining in elaborate detail why each carrier group needed this many destroyers, each submarine group needed that many destroyers, and so on, down the fleet— "and there, Mr. Stubbing, you have it." Stubbing nodded dutifully and took notes. The only problem was, the admiral had listed the need not for 240 destroyers but for 360, which shows how much can be learned with just one well-placed question. When Stubbing pointed out the discrepancy, the admiral shot back: "Mr. Stubbing, you may discount our estimates by a third!"

During another sixties field trip that shows the value of getting out of the office, Stubbing visited the North American Corporation, a subcontractor for the Navy's F-111 bomber. Just six months after the contract was awarded, Stubbing discovered the company's cost overruns had doubled the price. "It blew our minds," he said. "We went back and broke the word that this was out of control." The controversial project was eventually killed.

Of course, just because OMB discovers a bad program, there's no guarantee it will die—Stubbing was an early (and prescient) critic of the B-1 bomber, upon which Congress and several presidents subsequently lavished $28 billion, only to see a test flight downed by a flock of birds. Bad programs can, and often do, have strong sponsors behind them. But two lessons emerge from Stubbing's experience: 1) OMB has the responsibility to single out the bad programs and call them to the president's attention; and 2) the agency can best perform this role not by just looking at numbers but by looking at programs and questioning the people involved. "You just ask 'What the hell is going on?'" Stubbing says.

Today, OMB hardly does this kind of asking at all. The journey from bad to worse started in 1981 with the arrival of David Stockman, who not only ditched

If It's Not on the Budget This Year, It Doesn't Exist

OMB caught on to the collapse of our savings and loan industry too late, then did too little for too long. A combination of focusing on the federal budget and sticking to the president's ideology kept the agency from detecting and defusing our biggest economic disaster since the Great Depression.

When thrifts began losing depositors in the late 1970s, Congress changed the rules governing S&Ls to try to keep the institutions alive. Unfortunately, the new rules allowed—in fact, encouraged—bank executives to gamble other people's money on reckless loans. Since all deposits up to $100,000 were fully insured by the federal government, who could lose?

Given the obvious answer to that question, one might have expected OMB, the president's "eyes and ears," to have carefully tracked the rapidly changing industry in the early 1980s. It didn't, because of the fundamental tenet of the OMB philosophy: Problems do not exist unless they increase the federal budget deficit this year. As one OMB supervisor put it, "At OMB, it [the developing thrift crisis] didn't seem like such a problem, because we were dealing with the federal budget. That was not a budget problem—it was a massive American economic problem, but we didn't see it that way at the time."

Since the fund backing S&L deposits was essentially self-financing, it turned up on the federal budget only when it was running a surplus or a deficit. The thrifts were suddenly attracting depositors in droves, so the fund, supervised by the Federal Home Loan Bank Board, was swollen; the bad loans being made at the same time had not yet begun to fall through. So by OMB standards, this time bomb was a roaring success—proof of the value of deregulation.

But there were signs that the industry was in trouble. Ed Gray, then the chairman of the Bank Board, was issuing warnings about the state of the thrifts as early as fall, 1983. Gray began tentative-

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the agency's most important function but had the capital applauding his intelligence while he did it. In the pre-Stockman years, OMB spent only part of its time actually working up the president's budget, which it then presented to Congress and let the legislative committees take their course. In the off-season, budget examiners were expected to keep tabs on the latest developments in their agencies. In truth, more examiners spent the off-season relaxing than investigating; still, at least the expectation of monitoring the program was there, and some examiners took advantage of it. Under Stockman, however, there was no off-season. Stockman threw himself into constant negotiations with Congress, and, in so doing, he kept his examiners furiously busy working up data for the debate.

Stubbing captures the mood of the time in a story he tells partly in admiration for Stockman's intellect and partly in exasperation at the pointlessness of it all. Boning up for a negotiation on defense, Stockman had his defense analysts work Labor Day weekend—all day Saturday, all day Sunday, all day Monday, and on into the night. Stubbing remembers Stockman asking for the cost of every airplane the military was scheduled to purchase in the next year. And more. Things like the past spare parts costs. Projections of future spare parts costs. With inflation. Without inflation. This required Stubbing's group of 40 analysts to make agonizingly complex calculations. They delivered one set of figures at 10 a.m. Tuesday, another set at 2 p.m, and another set that evening after Stockman returned from giving a dinner speech in Philadelphia. Stockman bid him good night at 1 a.m. and asked Stubbing to meet him back at the office at 7 a.m. "Jesus, after a while you had no idea what it all meant," Stubbing says. "The whole division was tied up in mindless numbing detail."

Stubbing, who left in 1981, wasn't the only one at the office to question the sense of these name-that-number exercises. That year, a task force of the agency's civil servants issued an internal report on the effect of the new pressures. It warned, "Examiners feel that they are manipulating numbers in the abstract and progressively losing sight of what lies behind them."

Reality faded further in 1985, when the Gramm-Rudman-Hollings Act began requiring the budget to meet an annual deficit reduction target. *Target* is a key work here—the act doesn't require that the deficit actually be reduced, just that the numbers be

ly, but quickly became strident. He started pressuring OMB to provide him the authority to hire more bank examiners. According to Gray, OMB was blinded by the reigning ideology. When he requested more staff from Connie Horner, then a top official at OMB, he says she replied, "The policy of the administration is to have fewer examiners, not more. This is deregulation."

Officials then at OMB say that faith in deregulation didn't cause them to hold down the number of examiners: "We were under orders from Ronald Reagan to decrease the staff of the federal government, so if anyone wanted many more staff they would have to make a very good case." Gray never came up with rigorous enough analysis; he didn't speak in numbers, so OMB couldn't understand. "He didn't give any paper," explained one official.

What seems most odd about the battle for examiners is that Gray's frantic requests didn't trigger some interest at OMB in conditions at the thrifts. OMB officials say they ignored Gray because they considered him incompetent, if not unbalanced; many believed he was in the pocket of the industry. But if you thought the government official charged with overseeing billions of dollars in taxpayers' money was dumb, crazy, or corrupt, wouldn't that make you want to keep an eye on his books?

The S&Ls became a budget problem at the end of 1984. During that year, the fund began disbursing enormous chunks of money to bail out thrifts that were failing as their loans went sour. Alarm bells finally started ringing at OMB. "In '84, they ran the numbers and plotted them out," said one staffer involved in following the Bank Board during those years. "And it doesn't take a genius when these guys are taking billion-dollar hits and they have a six-billion-dollar fund....At the time we found out it was a ten to fifteen billion-dollar problem, and we thought, 'My God, this is a budget buster.'" By the summer of 1985, the White House and the Treasury department were both aware of the size of the problem. But no one did anything about it for two years, during which the bailout cost was growing by a billion and half dollars *a month*.

OMB's reluctance to address the crisis came partly from its dread of "budget busters": the faster thrifts were closed, the faster money would disappear from the thrift fund, and the faster the federal budget deficit would grow. But the longer the bailout was postponed, the pricier it got: at least $166 billion, by the latest reckoning.

—*James Bennet*

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Here was Pierce, breaking from the soap operas to raise his hand and mumble the equivalent of, "Well, now that you mention it, we're not quite sure where all these billions are going." And what happened as a result? Congress yawned and did nothing. OMB went one step further and said, "Hey, shut up over there!"

manipulated to give that appearance. Even Senator Ernest Hollings, one of the law's sponsor's, now calls it "pure sham." The point is, it's a time-consuming sham. Now, after working up the numbers to present the president's budget, and reworking them repeatedly for congressional negotiations, OMB has to play with them some more to meet the deficit target.

This can be done through all kinds of dodges. The administration recently bumped a military pay day from one fiscal year to another, for a "savings" of $4 billion. It took the Postal Service "off budget" and saved another $1.7 billion. Richard Darman ought to win an award for the trick he unveiled this spring: As Alan Murray reported in *The Wall Street Journal*, by taking the S&L bailout off-budget, the administration made the $166 billion loss look like a $14 billion *savings* in deposit insurance. In actuality, that move cost taxpayers an extra $5 billion since it made the bailout bonds more expensive. This has been the contribution of today's OMB—finding ways to make an S&L debacle seem like a budget-booster, instead of finding ways to prevent it.

Coal miner's auditor

To understand further the ineffectiveness of today's OMB, it's important to understand its structure—the artificial division of the M from the B. The intellectual roots of this separation date back to the first part of the century, with the rise of the scientific management movement. Its theorists argued that there were certain universal management truths that applied no matter what was being managed; hence government managers would need no particular grounding in the substance of actual programs, only an expertise in principles of efficiency. There is something to be said for this view, but not very much. A modern-day parallel is the teacher's college methodology course devoid of subject content. And just as teachers learn to teach best when teaching a particular subject, the government will manage best when its efficiency experts are actually engaged with a program.

The past decade has seen no shortage of M-side initiatives. Between 1980 and 1987, the flow chart on the M-side was reconfigured six times, and each change brought predictions of an outbreak of government efficiency. The grandest plan was called "Reform '88," a long-term project unveiled in 1982 and touted as "one of the most comprehensive and ambitious efforts to improve management ever undertaken. . . . " It's now just one more initiative on the trash heap of OMB history.

The project's first problem was its forest-for-the-trees quality. Reform '88 vowed to upgrade software. It vowed to modernize cash management. It vowed to reduce paperwork. There in the early days was Deputy Director Joseph Wright, posing for *The Washington Post* before a garbage pail and announcing that the administration had eliminated 1,998 unnecessary publications. Even taking at face value Wright's figure of $36 million saved, what do you have? About .02168 percent of an S&L crisis.

A second problem with the M-side's Reform '88 busywork was that hardly anyone on the B-side—where the sustained contact with government agencies takes place—understood it. A GAO survey of budget examiners found a whopping 10 percent willing to say the support of the M-side was of any use in their actual dealings with agencies.

In his congressional testimony last month, Darman conceded that Reform '88 had flopped and that

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the budget examiners weren't sufficiently involved. But while he offered the right diagnosis, he gave the wrong prescription. Darman wants to bolster the M-side when the right solution is to abolish it—OMB isn't going to improve the government unless its budget experts and its management experts are the same and *they get out of the office to look at what's really happening*.

The same distance from what's really happening is evident in the M-side's Office of Information and Regulatory Affairs, the division charged with reviewing the federal government's regulatory activity. There's certainly an important watchdog role for OMB to play in regard to regulation. What it ought to be doing is going out into factories and mines, checking to make sure that vital regulations are being enforced. Beyond that, it should be asking: Which regulations are needed and which should be abolished? Are others needed that are not yet on the books? It's true that some government regulations are dumb and dispensable—OMB has delighted in pointing to examples like an education department rule that prohibits school dress codes from distinguishing between boys and girls—but on the whole the federal government does too little to regulate, not too much. This is particularly true in areas involving safety.

But rather than play discerner and enforcer, OMB has played spoiler. It's used its powers of regulatory review to create a bureaucratic bottleneck that makes it more difficult than ever to issue safety regulations. Though more than 120 people have died in grain elevator explosions in the past dozen years, the Occupational Safety and Health Administration has been fighting OMB for seven years to get stricter regulations on the elevators. When the Food and Drug Administration tried to place warning labels on aspirin bottles, telling parents that giving aspirin to children with chicken pox or flu can cause a sometimes fatal disease called Reye's Syndrome, OMB held a private meeting with the aspirin industry—then told the FDA to withdraw the regulation. It took the FDA another three years to get the regulation adopted, and 3,000 more children contracted the disease in the interim. An Environmental Protection Agency regulation on radioactive waste sat on an OMB desk for so long, the EPA staff held a birthday party for it.

The key thing to remember is that with OMB keeping the world safe from aspirin warning labels, there's no one left in government to ensure that those regulations that do get on the books get enforced. Congress may pass a new mine safety bill and the president may sign it, sending a warm glow through a Washington that feels satisfied it has done its duty toward the miners. But who's making sure the Mine Safety Administration is enforcing the law? Of course the congressional committees could always do it. Or the press. Or the GAO. But ask a miner how many of these folks he's seen down there.

The scrub team

The M-side of OMB has traditionally enjoyed a stepchild status in relation to the B-side, and the past decade has been no exception. It's the budget examiners who are really in the center of the action, and it is through them that the failures of OMB become most apparent.

"They have I.Q. points on every other person in government," says a former OMB supervisor. But these best of the best have a few problems. One, there just aren't enough of them. With only 200 examiners for the entire government, some have up to $5 billion in budget responsibility. To really do its job, OMB should be about three times larger; instead, OMB has actually shrunk by about 12 percent in the past eight years. OMB's second handicap is the average examiner's background. Most come young, with little, if any, experience in government, meaning they have little sense of the way the bureaucracy actually works. And since many leave after three or four years, by the time they get that sense, they're gone. Nor do the public policy schools that most young budget examiners attend stress the kind of investigative skills that OMB needs, emphasizing quantitative skills instead. Since even these inexperienced examiners do have the advantage of smarts on their side, with the right kind of supervision, they could still do okay. But they're typically supervised by others with similar backgrounds.

While there's nothing wrong with numbers analysis as one tool of program evaluation, there's plenty wrong when it becomes the main tool, as it has at OMB. One former budget examiner said her proudest moment at OMB came when she ran a regression analysis to disprove a security agency's claim that excessive overtime was leading to higher attrition—all well and good, but the regression analysis revealed nothing about how well the agency was providing security. Her proudest moment! This isn't quite as bad as if Sy Hersh said his proudest moment in journalism was catching a typo in Henry Kissinger's memoirs. But it's close. Another former budget examiner, Bruce Johnson, said he felt particularly adept at "scrubbing budgets" for excess cost—that is, knowing an agency's size, he could compute how much money it should spend on salaries, benefits, travel, rent, phone, contracts, and so on. "But the tough call," he said, "comes, after you've done all that, in deciding whether the thing they want to do is worthwhile."

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Since OMB spends much more time scrubbing budgets than scouting programs, decisions about "whether the thing they want to do is worthwhile" get made in twilight at best, and often in complete darkness. The average budget examiner will know the conventional wisdom about his program and be up to date with major news accounts or journal articles. He'll know the administration's general ideology (i.e., "deregulate") and his supervisor's opinions. In other words, taking these factors into account, he guesses.

The most obvious pitfall of this system is the chance of being completely blindsided; how many coup plots get reported through the networks of conventional wisdom? A less obvious, but similarly debilitating, consequence of the examiners' twilight zone is the process of government by increment. Rather than urging great expansions of the programs that work, and termination of those that don't, OMB tinkers on the margins. As one former examiner explains, "Instead of getting to the heart of a program, you're asking, 'Should we have them take a one-and-one-half percent cut?'" And you're back to numerical analysis.

Clearly, OMB needs to cast a wider recruiting net. Investigative journalists offer one potential pool of talent; investigative lawyers another—both have experience in peeling back appearances to find out what's really happening. The ideal OMB examiner would have not only the ability to coax the facts but the mind to understand their meaning, to transform facts into conclusions. Like "Here's how this program should be changed."

For a third source of talent, OMB should look to the federal government itself; if some of the bureaucracy's best staff rotated in, even on a temporary basis, OMB could keep itself stocked with people who are not only smart but also savvy in the tricks of the trade. (Though you wouldn't want such examiners monitoring the agencies they plan to return to, of course.) As Richard Stubbing's career shows, it helps to have been around.

Where the ploys are

Remember, the agencies that deal with OMB are full of bureaucratic ploys, old and new. Picture the typical face-off: a wily Interior Department official with 20 years of bureaucratic survival skills behind him versus a smart but green budget examiner, who is terribly overworked. In describing the problems of inexperience, Ursula Gillis, a candid former examiner, tells a story about a time she was snookered by the IRS, an agency that knew how to get what it wanted. What it wanted was more people to process claims. Knowing that OMB wouldn't approve the request, the IRS instead asked for $400 million to hire not processors but auditors, presenting a study that showed the auditors would collect an extra $2.4 billion—for a net savings of $2 billion. But the IRS subsequently shifted the money away from enforcement and back into processing. And the $2 billion savings disappeared.

Of course, it's possible that the IRS really needed the processors and was simply playing the necessary game to get them. It's also possible that it didn't need them at all but saw a chance for more money and took it. The point is that OMB is supposed to know what the IRS needs and what it's doing with the money it's getting, not be the victim of a shell game. The ploy, as it turns out, was an old one. "I was too naive," Gillis says. "It's the kind of institutional memory you'd hope would get passed down. But you have lots of turnover. By the time you know what's going on, you're out the door."

Among the more tested bureaucratic tricks is one that budget examiners call The Washington Monument Game: when an agency is threatened with a budget cut, it'll be sure to propose suspending its most important or popular functions first. That is, when the budget examiner suggests that the Park Service may have to face a 10 percent cut, the Service is likely to respond that this will result in closing down the Washington Monument—the kind of move that will be sure to generate angry letters and congressional intervention. Understanding the principle in theory is easy; having the experience to guard against it in practice is something else. As Gillis says, "If you've never worked in government before, it's hard to sort out the bullshit from what's real."

A second old-time bureaucratic trick is the fourth-quarter spending spree—the rush of each agency to dump excess funds before the fiscal year's end, lest it show a surplus and suggest that it's overfunded. This is the time of year when the Park Service buys electric blankets for the rangers in the Everglades—anything to dump the dough. Here OMB's failure isn't so much one of knowledge but one of action. It has groused about this for many years, but when the trade publication *Industry Week* followed up in 1985, it found OMB wasn't even tracking the fourth-quarter expenditures, never mind restraining them. The budget bureau's longtime failure to take effective action on the problem invites the suspicion that there may be bureaucratic pride involved; to the extent that an agency's bloated budget was one approved by OMB, an examiner's crackdown reflects badly on himself.

The only way for OMB really to guard against the bureaucracy's survival schemes is to get out and see programs in action. Had Gillis been quizzing IRS ex-

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ecutives the way Stubbing quizzed admirals and defense contractors, chances are she would have picked up on the difference between the agency's real needs and its old games. Imagine how much sorrow we could save with a small investment in expanding OMB's staff enough to get the Gillises in the field. Which would you rather pay for—400 more budget examiners, or the S&L bailout?

Of course, even with three times its current staff, OMB couldn't visit every government program every year. But it doesn't need to. What it does need to do is to establish a reputation for surprise visits and thorough ones. This was the principle that the IRS itself put to work back in the old days; taxpayers knew the IRS couldn't audit everyone, but the agency's random and tough audits were enough to keep most people honest. If government managers knew that OMB could drop in at any time—and that if it did, it would discover the truth about their program—bureaucrats might learn to fear screw-ups the way taxpayers used to fear cheating.

But, like most other examiners, Gillis says she got out to visit programs just a week or two a year. And what kind of visits were they? OMB is not known for arriving unannounced. "If you're from OMB, they don't like you to be uncontrolled," says Gillis. "They're cautioned about what to say and what not to say."

For a final sense of how well most of the government controls its watchdogs, consider the principle of Dare to Fail Great—minor screwups may bring you trouble from the budget office, but the agency that founders on a sufficiently large scale gains the advantage. The IRS's disastrous 1985 tax season is a case in point. This was the year when the IRS, at its Philadelphia office alone, lost track of $300 million in withholding tax payments, wiped out the records of 10,000 taxpayers, and dumped other returns in the trash can. As Gillis explains it, the scale of the disaster, which prompted nationwide headlines and a congressional investigation, worked to the agency's advantage. If the IRS then said it needed more money, no budget examiner would want to risk becoming the next season's scapegoat by denying the request.

But if you haven't done the kind of deep investigation that allows you to understand the agency, how do you, eyes and ears to the president, watchdog of watchdogs, happen to know whether the IRS actually needs more employees, or just needs to make better use of the ones it has?

"The bottom line is you don't," says Gillis.

Defenseless

While the underlying weaknesses of OMB remain constant—its lust for numbers, its lack of on-site investigation—the actual circumstances of its failures vary by case and therefore invite individual scrutiny. (For a look at OMB's role in the S&L crisis, see page 28.)

Incredibly enough, OMB's failure to head off the defense outrages of the early Reagan administra-

Who Watches the Watchdogs?

If OMB should be watching the government for the president, and GAO should be watching the government for the Congress, who should be watching the watchdogs (including the inspectors general and the congressional oversight committees)? The press, which all too often ignores this role. Over the years, we've tried to do our part:

Richard F. Kaufman, "The One-Eyed Watchdog of Congress," February 1971.

Jack Gonzalez and John Rothchild, "The Shriver Prescription," November 1972.

Joseph Nocera, "Inspectors General: The Fraud in Fighting Fraud," February 1979.

Thomas N. Bethell, "The Best Job in Washington," April 1980.

John Eisendrath, "Watching the Watchdogs," July/August 1986.

Scott Shuger, "How to Revolutionize Washington with 140 People," June 1989.

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tion—of which the $433 claw hammer is a minor but apt symbol—weren't inadvertent but were the product of design. The 1980 Republican platform went so far as to demand the throttling of defense analysts like Stubbing, denouncing the "ill-informed, capricious intrusions of the Office of Management and Budget. . . [on] defense planning." The administration made good on its pledge. A conservative defense expert named William Schneider Jr. took charge of OMB's national security division and put it to sleep. "His mission in life was to cut us off, and he did," Stubbing says. About 30 percent of OMB's defense analysts, including Stubbing, left in the first 21 months.

In the meantime the administration just picked a number out of the air—a large one, as it happened: a $32.6 billion increase—and told the military to find a way to spend it. To comply, the astonished services had to pull out long-dormant wish lists. Stockman, who in early 1981 had deferred to Defense Secretary Caspar Weinberger on defense spending, later tried to fight him—mobilizing Stubbing & Co. over Labor Day weekend—but by then it was too late. Weinberger had won. The subsequent billions wasted on weapons that don't work are vivid illustrations indeed of what happens when government keeps its watchdog chained.

(To gauge how well the press generally understands the agency, consider that in 1982, with OMB's defense analysts under wraps, *The New York Times* published an OMB primer that explained these are the people "who question the need for new weapons systems. . . .")

Most billions missed

The irony of this surgical strike against OMB's defense analysts is that they were never an overly vigilant group in the first place. With a few exceptions—like Stubbing and the opposition to the B-1 bomber—the budget examiners had a long history of deference toward the military. As Peter Szanton, an associate OMB director during the Carter years, has written, "OMB imposes far less discipline on the DOD budget. . . than it does on domestic budgets." Szanton sees this reticence contributing to a list of military ills, including the interservice rivalries that proceed unchecked, constant cost overruns, and the military's bedazzlement by high tech. OMB's caution, he says, stems both from the historic clout of the defense secretary and the mystique of military expertise. As a former defense budget analyst explained to Szanton, "When [the services] say 'military judgment,' the curtain just comes down."

Szanton argues that the historic failure of OMB to mind the defense store is an illustration of the larger truth that "most White House agencies. . . have little time for implementation. Implementation is merely what happens."

Perhaps the most instructive look of all at OMB's lack of interest "in merely what happens" comes from the collapse of HUD, whose cost to the taxpayer is large, but whose perversion of mission and contribution to human suffering is even larger. Remember, among the things that "merely happened" during HUD's demise is that, as James Watt and Carla Hills grew rich, the homeless population swelled and more children of poverty were consigned to shelters and tenements. If government oversight (or the lack thereof) has a human face, that of children in tenements is it.

Were HUD's now-familiar story to be entered in some watchdog casebook, it'd be ridiculed as parody. Imagine: A cabinet secretary (Sam Pierce) sleeps through his eight-year tenure, keeping 10-to-4 hours at his multi-billion dollar agency and watching soap operas. Filling the vacuum is the best-connected barmaid in Georgetown (Debbie Dean), who takes control of the department and doles out contracts for questionable projects to her pals. A host of get-the-government-off-the-people's-back conservatives pocket huge fees for lobbying the agency. In seeking greater efficiency through "privatization," the agency hands its programs over to private companies who leave the government saddled with $5 billion worth of loan liabilities. A southern California country club qualifies for a subsidy. Enter "Robin HUD" (Marilyn Louise Harrell), who steals more than $5 million before anyone notices. It's about as far-fetched as the coup plot in *Seven Days in May*.

And OMB performed about as well as it did in the movie. As it turns out, the same OMB supervisors who have responsibility for HUD also oversee the S&Ls—a performance that must have set some kind of oversight record for Most Billions Missed.

"This means fire!"

OMB was busying itself pushing for budget cuts and greater privatization of HUD functions, both of which it achieved. In the meantime, HUD's greater use of private contractors set the stage for two of the subsequent breakdowns: 1) HUD increased its reliance on private escrow agents like Marilyn Harrell, who handled the sales of foreclosed properties, but frequently failed to forward the funds. The total cost to the government is now estimated at about $20 million. 2) HUD turned to private companies to screen applicants for a co-insurance program, in which HUD bore 80 percent of the financial risk. This

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proved a costlier mistake: the government's liability for the defaults that resulted now stands at about $1 billion.

There was nothing inherently wrong with a smaller HUD, and one that relies more extensively on private contractors. After all, these objectives were part of the philosophy on which Ronald Reagan had campaigned and won. But OMB had an obligation to keep the president posted on the policies' effects—which it's now painfully obvious that it failed to do. "They weren't interested in correcting," says Charles Dempsey, who served as HUD's inspector general until 1985. "They were interested in cutting." Actually, this understates the case: OMB didn't just ignore the danger signs; in at least one case it worked to suppress them.

To follow the story, first consider the signals ignored and then the one suppressed. As HUD was on the verge of catching fire, a few bureaucratic alarms were sounded. In retrospect, they seem pitifully faint—but OMB should have known that's the way most inspectors general work and should have been extra vigilant as a result. When most government auditors discover a problem, they couch it in terms that are least likely to arouse the bureaucracy's enmity. Rather than scream "the building is on fire," they will remark, alongside some comment about the excessive number of staples purchased last year, that "signs of combustion were evident in several hallways"—and be certain to add that corrective anti-combustion action is being taken by the agency. "No one's going to say 'the building's on fire.' You'll get in trouble for that," is how one former budget examiner describes the average inspector general report. "Everyone's covering their ass."

Every six months, the inspector general would forward his delicate warnings to OMB, where they were promptly filed and forgotten. For a sampling of the tone, consider the March 31, 1987 report, in which Paul Adams, Dempsey's successor as inspector general, explained that HUD could save *$844 million* just by refinancing a loan program at more favorable interest rates. Startling as that news was, its effect was blunted by the added soporific, "We have developed recommendations which the department is working on to accomplish this refinancing." It turns out, as *The Wall Street Journal* recently reported, that the department was working on no such thing. Top HUD officials resisted the plan, for fear the savings would get plowed back into the mortgage-subsidy program, which it was trying to eliminate. Better just to waste the money.

In the case of the two disasters in question—the escrow agents and the co-insurance program—Adams posted similar clues. Three audits, beginning in August 1987, reported that HUD couldn't account for millions owed to it by escrow agents and that the delays alone were costing the agency up to $16 million a year in interest. (Never mind that the report went on to say that, "HUD has recently implemented measures. . ." to improve the situation.) In the case of the co-insurance program, the inspector general's warnings dated back to 1985—and with no hedging qualification. All OMB had to do to catch on was read the reports and translate: "This means fire!"

And if budget examiners had been out talking to HUD officials, the warning could have come even sooner. (After all, it doesn't take much quantitative analysis to know that a California country club is not a low-income project.) Speaking of the co-insurance program, one HUD official wrote in 1984, "This is the most fraud-prone system ever spawned by HUD. . ." In 1986, another followed: "I am convinced that financial problems of national importance are inevitable unless something is done."

Rosier scenario

While the inspector general's reports gave OMB one set of reasons to start worrying about HUD, a second series of reports provided another. This signal wasn't just ignored, it was altered. The signal was

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the product of the 1982 Federal Manager's Financial Integrity Act, which requires the government's department heads to report to Congress and the president once a year whether they have "reasonable assurance" that their internal controls and accounting systems are in order.

Pierce, in an unusually responsible move, wrote OMB in 1983 to say that he could *not* provide reasonable assurance. The fact that he was one of only three of the 17 agency heads to do so might have provided OMB with notice that all wasn't well at HUD. In 1984 and 1985, Pierce again wrote to say that reasonable assurance was beyond HUD's grasp. What's more, guess what problems he said he was having? That's right: Fraudulent escrow agents. Problems with the co-insurance program. In other words, here was Pierce, breaking from the soap operas to raise his hand and mumble the equivalent of "Well, now that you mention it, we're not quite sure where all these billions of dollars are going."

And what happened as a result? Congress yawned and did nothing. OMB went one step further and said, "Hey, shut up over there!" Jack McGrath, the HUD official who filed the reports, says officials on the M-side of OMB pressured the agency to file a rosier scenario. "I got a couple of calls saying, 'Why are you all still saying you don't have reasonable assurance?' There was clearly pressure on the agency to say we did have reasonable assurance."

As it turned out, the best HUD could muster in 1986, even after the phone calls, was a statement that it had qualified reasonable assurance—within "limits"—which has remained its policy to the present. Beyond asking HUD to change its wording, did OMB ever follow up to make sure the weaknesses described in the reports were being addressed? "No," says McGrath. "Not at all." McGrath was later detailed to OMB himself, where he was in charge of receiving the Financial Integrity Act reports from across the government. "If you had a chance to go through them, you'd go through them," he says. "Basically you just put them in a book."

But even if the reports were simply filed away, one might think that McGrath, once he arrived at OMB, would have taken the opportunity to share his knowledge of HUD's problems—to lean over and say, "Pssst. . . the building's on fire." But McGrath says he never discussed the agency's problems. "I guess I assumed they weren't unknown," he says. "At that point my focus wasn't on the department." And his OMB colleagues didn't ask.

There's a kicker to this story of OMB as the watchdog that wasn't. In 1985, when Paul Adams, the inspector general, conducted his first audit of the co-insurance program, he found $36 million in inflated appraisals on $120 million worth of property and warned that the program, which, remember, would ultimately cost us $1 billion, was in trouble. As he repeated in his semi-annual report: ". . . . appraisals were unsupported, properties were overvalued, and HUD's insurance risks increased." Within HUD, he expressed this view to the Assistant Secretary for Housing, Janet Hale. Adams later testified before Congress, in an account that Hale confirmed, that she found his report "premature, unjustified, and unfair," and she resisted his suggestions for tighter controls over the program.

Going to Hale

At a congressional hearing in July, the following exchange took place:

Rep. Tom Lantos: "In retrospect, Ms. Hale, was Mr. Adams right?"

Hale: "In retrospect, Mr. Chairman, I think Mr. Adams clearly pointed out a problem. . . . "

Rep. Christopher Shays: "Did you have significant discussions with the inspector general?"

Hale: "I don't remember having significant dialogue with the inspector general or his people. I, again, having come from a background of budget, much more than managing co-insurance, but having some very capable people, I know there was extensive conversation, because we developed the response back to the inspector general, agreeing with some of his findings, disagreeing with some of his findings. . . ."

Janet Hale's current job?

She's a top official at OMB, with oversight of a quarter of the federal budget—the quarter that includes both HUD and the S&Ls. The woman she replaced, Carol Crawford, who previously oversaw HUD and the S&Ls, now works at the Justice Department as an assistant attorney general for legislative affairs. That is, she keeps Congress posted on the Justice Department's progress on the HUD investigation.

Before the hearing ended, Lantos asked Hale a revealing, if not terribly difficult, question. Did she, in retrospect, think that Deborah Gore Dean—the HUD scandal's leading lady—had possessed the "experience, training, judgment" and qualifications to run the agency?

"Judging another person's character and decisions are difficult for me," Hale said.

Which richly qualifies her for her current job as a top member of the president's hear-no-evil, see-no-evil team of watchdogs. ❑

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MEMO OF THE MONTH

Memorandum

TO: Correspondence Unit Chiefs

U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

DATE: May 11, 1981

IN REPLY REFER TO:

FROM: Janet Hale, Executive Secretariat

SUBJECT: Secretary's Style Preferences

In general, Secretary Pierce is quite pleased with the correspondence which has been prepared by the program areas for his signature. Except for instances in which changes of circumstances have created the need to rewrite letters, there have been very few letters sent back to the program areas for rewrite once they have gone through the Executive Secretariat.

The Secretary has very few specific style preferences, other than keeping responses as brief and to-the-point as possible. He does not want to make any commitments which cannot be kept, such as references to a specific time at which a follow-up reply will be made when there is the possibility that this date will not be met. Also, he does not like to encourage further correspondence when it is not necessary, such as by using the closing phrase, "If there is anything else we can do for you, please let us know."

As noted before, his preferred complimentary close is "Very sincerely yours." However, in the event that the response is to a letter from the President, the complimentary close "Respectfully" should be used.

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Congress's Watch Dog: Mostly It Still Goes for the Capillaries

GAO has begun to shed its preoccupation with minutiae, but it continues to miss the government's main problems

by John Heilemann

It was barely two weeks after election day when the General Accounting Office (GAO) sent George Bush a 26-volume "transition series" report, telling him the government he was about to inherit was falling apart. "Neglect and mismanagement" had become the government rule. At the Environmental Protection Agency, the Internal Revenue Service, and the Pentagon. At the Social Security Administration. At Housing and Urban Development. The cost of fixing the problems would be "staggering," the GAO said, including at least $130 billion to modernize the plants that produce the nation's nuclear weapons, $20 billion to fix dilapidated public housing, and $50 billion—off by at least $100 billion, it now turns out—to bail out the S&Ls. Even the national parks needed $1.9 billion to halt their deterioration. Though they rarely mentioned him, the reports added up to an indictment of Ronald Reagan.

While unflattering appraisals of the outgoing government were to be expected, no one thought the most systematic attack would come from Comptroller General Charles Bowsher—whom Reagan himself had handed a 15-year appointment, an $89,500 salary, a $300 million-plus budget, and a staff of more than 5,000. "Gratuitous advice," harrumphed Edmund Haislmaier of the Heritage Foundation. "Mr. Bowsher's latest political exercise," griped *The Wall Street Journal*. Less partisan voices sounded puzzled. A story in *The New York Times* marveled over "the habitually cautious" GAO's use of adjectives like "staggering."

These reactions say a good deal about Washington, not least of which is that the city expects government agencies to write in euphemisms. But the reactions say a good deal more about the GAO. Here was Congress's watchdog doing its duty—and the sound was so unfamiliar that no one knew what to make of it. Washington's confusion shows both how far the GAO has come in recent years and how much farther it needs to go.

As Congress's investigative agency, GAO ought to be the government's great ombudsman—tracking programs not only for evidence of fraud and abuse but to discern which work, which don't, and why. Its size alone makes its potential powers formidable, with 80 audit sites within the federal agencies and 15 field offices spread across the country. It has the authority to dig through the files of almost every government program and to grill its personnel. But, historically, the agency has suffered a form of institutional myopia, asking too many small questions and asking them too politely to fulfill its mission.

Under Bowsher, the GAO has shown increasing

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signs of outgrowing its instinct for the capillary, with the transition reports being just one piece of evidence. But the agency still spends too much time on isolated examples rather than trends. It gives too much attention to questions of minor fraud and not enough to questions of broader government performance. And it's much better at dissecting disasters after they happen then it is at detecting and disarming them as they arise. GAO: You've come a long way, baby, but you're still not the ombudsman we need.

If the call for greater GAO oversight seems to repeat the call for greater press oversight, greater congressional oversight, and greater Office of Management and Budget oversight—it does. Maybe someday the duplication of effort won't be needed. Maybe there'll be so many reporters and government inspectors worried about whether the mine safety laws are being enforced that they'll be bumping into each other in the Harlan County mines. But for now it's safe to say that the odds of such mine-shaft collisions are slight; would-be watchdogs needn't be deterred.

GAO: DOA?

When Congress created the GAO in 1921, it vested the agency with a sweeping mission: to investigate "all matters" involving public funds. And Congress went beyond mere rhetoric. To help protect the GAO from intimidation, it created a 15-year term for the agency's head; though appointed by the president, he could be ousted only by a joint congressional resolution approved by the White House—a formula designed to leave him politically invulnerable.

But this grand potential was squandered under the direction of the first comptroller general, J. Raymond McCarl, whose tenure stretched from Warren Harding to FDR. He was a man who couldn't see the trees for the bark. While Harding's pals were cutting sweetheart land deals over Teapot Dome, McCarl marshaled his 1,700-member staff to sift through piles of canceled government checks. McCarl did make a big fuss late in his career when he caught the Tennessee Valley Authority in the unauthorized purchase of a single mule. It was not an auspicious start.

The GAO muddled along in green-eyeshade fashion without significant change until the arrival of Joseph Campbell as the fourth comptroller general in 1955. Campbell left behind a reputation at the agency as a man who "loved to chase the crooks down the halls"—hyperbolic, no doubt, but then look what the GAO had grown accustomed to.

Campbell's biggest bang came from his investigations of defense contracts in the newly named "military-industrial complex." GAO audited hundreds of defense department contracts and found just the kind of thing Eisenhower had in mind when he coined his cautionary phrase. It found huge cost overruns. It found all kinds of cozy relationships between contractor and contractee. And it named names: Hewlett-Packard, Boeing, Lockheed, General Electric, Westinghouse. Even in his heyday, Campbell defined GAO's work more narrowly than he should have—he was looking at the propriety of the weapons' contracts, not whether the weapons would work. But it was a start.

> More often than not, GAO arrives on the scene in the aftermath, like some super State Farm agent, clucking over the mess and adding up the bill.

It was also a finish. Listening to Eisenhower carp was one thing, but relinquishing power to a bunch of auditors was something else indeed, and the contractors knew how to fight back, mobilizing allies in the Pentagon and Congress. In 1965, Rep. Chet Holifield held hearings on the GAO's defense work, to explore what he called "the difficult and sometimes awkward situations created by the GAO audit reports." No shortage of Pentagon and industry witnesses stepped forth to describe the difficulties and awkwardnesses. Though the hearings found virtually no errors of fact in the GAO's work, the critics argued that words like "overcharge," "unnecessary costs," and "failure to protect the government interest" had no place in the ombudsman's reports. They called the straight talk "inflammatory, colored, and sensational." Ridiculous as it was, this contention carried the day. Campbell quit.

And the GAO's golden age ended before it began. Following the Holifield hearings, Lyndon Johnson appointed a comptroller general who came to embody bureaucratic caution, the aptly named Elmer Staats. A man who'd rather switch than fight, Staats cut a deal: he promised Holifield that the agency would ease off on the Pentagon, in exchange for a committee report that contained only a mild rebuke of the GAO. This set the stage for a 15-year tenure marked by the scrupulous evasion of controversy. An

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unsound accounting practice detailed here. A weakened financial control system cited there. Thousands of pale-blue reports issued, but none that would reach a bold conclusion like "Hey, this program is great; expand it" or "This agency has become irrelevant; kill it." In 1970, with Staats's support, Congress even passed a law giving the GAO specific authority to "review and analyze the *results* of government programs." (Our emphasis.) It was a potentially revolutionary idea, but the accent, then and now, has remained on *potentially*.

Bowsher's beginning

No doubt about it, Staats's successor, Charles Bowsher, has helped build a better GAO. Judged only by his credentials—Reagan appointee, certified public accountant, partner at Arthur Andersen—Bowsher didn't seem the likeliest candidate to shake things up. But he's made the agency an increasingly interesting place to work, and an increasingly relevant one. Last year *The Washington Post* cited a GAO report at a rate of just slightly under one a day. Bowsher has put an end to the longstanding practice of issuing anonymous reports; these days, they carry the evaluators' names. He's also instituted a pay scale that pegs advancement to performance, a change the rest of the government should follow. "They've become more courageous in what they go after," says Frederick Mosher, a historian who has authored two books on the GAO. "Bowsher seems to be using his position more in the manner it was originally intended—as the government's ombudsman."

For a case in point, witness the GAO's renewed involvement in reviewing defense work, a sign that the ghost of Holifield may finally be fading. What's especially significant about the agency's recent defense reviews is that they haven't focused just on potential fraud but have gone further to ask "Is this weapon needed?" and "Does it work?" In the case of the Bigeye Bomb, a chemical weapon with an unfortunate habit of exploding before it's dropped, the GAO answered, "No, it doesn't." Likewise with the Sgt. York, an anti-aircraft gun known for mistaking latrines for airborne targets. The GAO's critical reports helped the weapon meet its deserved demise. And the agency hasn't been simply a bearer of bad news; its favorable review of the Head Start program helped stave off the budget axe.

Efforts like these have sent GAO's stock soaring on the Hill, where members used to gripe that the agency was slow and unresponsive. Requests from individual representatives or committees now account for about 80 percent of the nearly 900 reports GAO churns out annually; 15 years ago, that figure was only 20 percent, and surveys showed that a majority of congressmen had never even read a GAO report. Now, hardly a day goes by without one member or another referring to GAO as "indispensable."

And that's one of GAO's current problems: its reliance on others for direction. For one, this keeps it from doing enough to head off disasters in advance. More often, GAO arrives on the scene in the aftermath, like some super State Farm agent, clucking over the mess and adding up the bill. It took the nation's nuclear weapons production sites 30 years to deteriorate, but GAO didn't begin looking into the situation until Congress specifically asked it to—first, with some very narrow audits, after the accidental release of uranium dust from an Ohio plant in 1984, and later with a somewhat broader look at safety demanded by Congress in 1986, in the wake of Chernobyl (not the kind of clue you want your investigators to be waiting for). "It just wasn't something we'd thought to check into—there had been no need to," says Carl Bannerman, GAO's assistant director for energy issues.

In 1988, an FBI sting called "Ill Wind" implicated scores of defense contractors and consultants in bribery and influence peddling, and GAO is now working on a follow-up report about the industry. But why didn't the agency catch on while the problem was occurring? "Well, that's a good question," said Jim Johnson, a GAO director in the defense division. "And quite frankly, I don't know why. We hadn't been asked to do so, and nowadays most of our work is in response to congressional requests. With hindsight, I think it's obvious we should've been looking. Every time one of these scandals breaks, I say, 'Jesus, where was GAO on this?'"

The habit of waiting for orders from Congress not only makes GAO late but promotes a ridiculous narrowness. "We'd rather look at broader programmatic areas, ones that have national importance," said one GAO issue area director. "But often these congressmen say that it'll take us too long, and they don't have time to wait. Either that, or they're unbelievably blunt. They say, in essence, 'I don't want you to go beyond my specific, individual request because *I don't care* about the broader issues. I only care about my problem.'"

Thus are born countless GAO reports like "Corps' Permitting of Louisville Floating Restaurant," in which the agency double-checked a decision by the Army Corps of Engineers to let the "Islands" restaurant bob in the Ohio River. (Thumbs up, said GAO.) Or "Labor-Management Relations and Customer Services at the Simi Valley, California, Post Office" (GAO: They were bad, but then they got better). While the FBI was breaking the "Ill Wind" investiga-

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tion that involved hundreds of millions of dollars in military contracts, GAO was authoring its *tour de force*, "Award of a Contract at Whidbey Island Naval Air Station."

GAO shouldn't wait for Congress to cut the apron strings. One way to stop saying "Jesus, where was GAO on this?" is to institute a regular schedule for reviewing major agencies and programs. While it's true that GAO has shown more initiative than it once did, the distance it still needs to travel is suggested in the agency's nomenclature—staff members still call themselves "auditors" rather than "evaluators." It's a revealing term. Auditors, as one senior staff member explained, aren't interested in "coming in and looking for what's wrong. We assume that everything is OK until we find out differently. . . . Investigating just isn't part of our job."

Isn't part of our job?

Writer's block

Another set of problems arises not from the way GAO conducts its studies but from the way it reports them. If you want the world to take notice of your findings, you have to report them loud. And clear. And in terms that convey their importance. One government agency that excels at this is GAO's congressional cousin, the Office of Technology Assessment, which also reviews programs and policies (see Scott Shuger, "How to Revolutionize Washington with 140 People," June). Here is the way OTA helps convey the meaning behind its report on infertility treatments: "Lately you cry at the drop of a hat—when you see a diaper commercial on television, see a pregnant woman at a grocery store, or get an invitation to a baby shower. The whole world seems to be having babies."

The Worst City Government

Candor is even rarer than competence in the District of Columbia government, so Commissioner Barbara Burke Tatum's testimony last spring in a lawsuit on the city's sewage-seeping, rat-infested homeless shelters was a bracing change. Although the city's homeless-program budget had quadrupled in five years, the lawsuit charged that shelter overcrowding was so extreme that men slept without sheets on chairs and roachy floors, where they sometimes woke up drenched in urine from exploding public toilets. "I know we haven't opened any new shelters," Tatum snapped when questioned. "So you don't have to be a brain to know that we're out of compliance. I am out of compliance with everything."

The District spent $31 million sheltering the homeless last year—second only to New York. So where did all that money go, if not for sheets and working plumbing? Tatum cleared things right up: "There are a number of issues that, when you don't have a long-range plan and don't have set priorities for it within a given fiscal year, you don't know what your goal is, so, therefore, you just do, is what I found. So subsequently you spend money but nobody knows where it came from."

Although city officials have argued strenuously that they don't have enough money to house an increasing homeless population, City Auditor Otis Troupe found in 1988 that the District, unable to document its expenses, had neglected to collect millions in federal reimbursement for emergency shelter. A full year later, when queried on the state of the reimbursements, Tatum reassured the court that her people were still "three or four years behind."

—*Katherine Boo*

Washingtonians have begun to notice that a large number of the elms that once shaded the city streets are dead or dying. The cause is Dutch elm disease, which is carried by beetles. Because this fungus spreads quickly, a 1985 city plan for controlling it mandated that the Department of Public Works conduct three surveys a year and promptly destroy any sick trees. But the department deploys only two people to check up on the city's 14,800 elms; and it frequently waits up to a year after diagnosis to remove an infected tree— plenty of time for an elm to unleash a fresh brood of killer bugs. From 1984 to 1987, the DPW lost trees to the fungus at a rate of 4.8 percent a year; the National Park Service, which also maintains elms in the city, kept its losses down to only 1.3 percent through prevention techniques that trap beetles inside infected trees. And the District managed to spend almost twice as much per tree. How? As usual, the city government has chosen to invest more in the cure—tree removal costs $875 a pop—than in prevention. But residents can take comfort from the thought that this particular budget drain won't last very long. And the city has taken steps to prevent its popping up again: it has stopped planting any new trees—and it's turning the tree nursery of the Department of Public Works into a parking lot.

—*James Bennet*

Please send nominations to:
Worst City Government
The Washington Monthly
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Now here is the GAO, commenting on the federal government's failure to assess how well the American education system is working: "The mission statements of the three units we examined are general, providing considerable latitude for the development of a portfolio of information. To insure that these functions are being properly carried out, different review methods have been tried out, varying the authority given to the reviewers (policymaking versus advisory) and the regularity of the review (periodic versus ad hoc)."

The first thing the GAO should do to solve the problem is start hiring people who can write. Like journalists—the best of whom also know how to root out the truth about what's happening in government. The best journalists have mastered the skills that good program analysis requires: an ability to sift through the numbers, yes, but also, and more important, a talent for firsthand observation. For asking good questions. For thinking through the meaning of the answers and drawing incisive conclusions. But instead of hiring talented writers, GAO sends its new evaluators—a mix of public policy school graduates, accountants, lawyers, business administrators, and economists— through a day-and-a-half writing course. A day-and-a-half! As though someone who's plodded through high school, college, and graduate school without learning to write will suddenly blossom in the hands of the bureaucracy's Berlitz. The fact that the course director explains it's designed to teach the staff to write "like journalists" only punctuates the point: Why doesn't the agency hire journalists in the first place?

The second thing the GAO should do is ease off on the writing review process. Studies must pass through as many as eight layers of editorial and content review, often with line-by-line editing at each stage. As one GAO staff member says, "We write for the next level of review"—turning the agency's reports into chain letters for bureaucrats.

Duds at HUD

If ever the new, improved GAO had a chance to show its stuff, it was at the Reagan administration's Department of Housing and Urban Development. On paper, it was a match made in heaven: He was a multi-billion-dollar agency, woefully mismanaged. She was a government watchdog with 40 auditors on the department's site. But while the two seemed made for one another, GAO brought only its worst qualities to the relationship.

In early 1984, HUD was subject to the first of what would become an ongoing series of GAO "general management reviews." The report promised to evaluate HUD's success both in improving its program management and strengthening its internal controls. Thus, it had a chance to uncover programs that weren't working, or had perverted their mission. (Of which there were plenty.) It also had a chance to ferret out old-fashioned abuses, like sweetheart deals. (Of which there also were plenty.)

The report was more than a year in the making. And here's how it began: "The Department of Housing and Urban Development has played a major role in upgrading the nation's housing and providing community development aid to cities and counties." It was downhill from there—212 pages of pap. Dig through it long enough (as embarrassed GAO officials recently have), and you'll find a few remarks that seem vaguely on the mark. "HUD's top management changes frequently. . . . As a result, institutional memory at a high level does not exist to understand the causes of HUD's longstanding management problems and the implications of alternative solutions."

Revisionist stories in the press have seized on lines like those to cobble together an argument that GAO was ringing a bell while HUD was burning down. More to the point, however, were lines like these: "HUD has made significant strides toward resolving many of its management problems. For example, *HUD has increased its efforts in monitoring to prevent fraud, waste, and mismanagement and is improving its financial management activities.*" (Emphasis added.) Now if these words were superfluous bromides, they didn't belong in the report. And if they were the candid assessments of the evaluators, then *they didn't belong in the report.*

GAO followed up on this incisive look with a few of its exercises in congressional errand-running—reports like "Conditions at the Laurel Park Project in St. Petersburg" and "HUD Oversight of the Villa San Pedro Project." Some of these reviews did find evidence of the mismanagement that characterized HUD programs nationwide, but no one at GAO thought to piece the fragments together. GAO also conducted at least two reviews of the Section 8/Moderate Rehabilitation program that captured last summer's headlines. Neither mentioned that the program had become a cash cow for powerful Republicans.

"I guess we got a little too complacent," said John Ols, who took over GAO's HUD oversight a year ago. "HUD was not a big priority in the administration and Congress didn't care enough to give it decent oversight. Nobody cared about HUD—and we just went the same way as everyone else."

"You get very settled," he said. "You start to see the agency like the agency sees itself."

It's an old problem, for the nation's one-eyed watchdog. ❑

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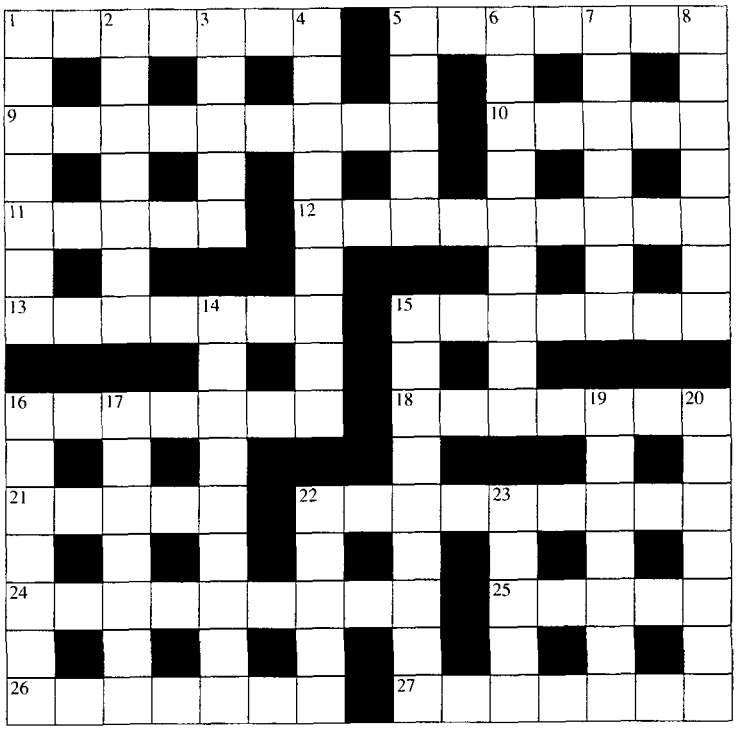
POLITICAL PUZZLE

by John Barclay

The numbers indicate the number of letters and words, e.g. (2,3) means a two-letter word followed by a three-letter word. Groups of letters, e.g. USA, are treated as one word.



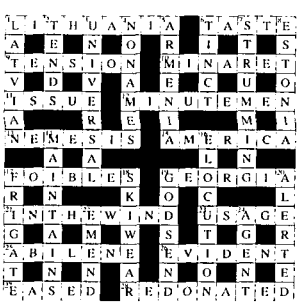
ACROSS

1. Any rug shaken after center of the Eastern state. (7)
5. Develop an air method of operation for the country. (7)
9. Two-time loser misapplied votes on television. (9)
10. Seas or Pleiades, for example. (7)
11. Distribute large quantity in audio version. (5)
12. Norse tune played in confidence. (5,4)
13. Sought for a gentleman indeed! (7)
15. Member and friend following the law. (7)
16. Normal workweek making ivy fade. (4,3)
18. Carter scheme before Eastern level. (7)
21. Degree to second person is full of water. (5)
22. Region tows the United States anyway. (9)
24. Way of absorbing, i.e., stoning clumsily. (9)
25. Fashioned a gown for means of transportation. (5)
26. Seed some divided country. (7)
27. This country in reception rooms for this country. (7)

DOWN

1. Bush and Dan managed to conserve resources. (7)
2. Superfluous "s" dropped for ribs. (7)
3. One little division is proficient. (5)
4. Recent history is dry and steady combination. (9)
5. Managed train shift. (3,2)
6. Military meal on prepared green for errand boy. (9)
7. Shipped only via essential military supply. (4,3)
8. Men stay around for forgiveness. (7)
14. Post-war antagonist planned sure raids. (3,6)
15. *Inter alia*, constructed new hospital unit for former nation. (9)
16. Cheating price terms on cherry. (7)
17. Old English gravy prepared for traveler. (7)
19. Attorney General never rounded up posse. (7)
20. Perhaps Eton is a place in ferment. (7)
22. Characteristic of well worn material in wash in Yonkers. (5)
23. Cries of protest about Latin show. (5)

Answers to last month's puzzle:



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Sex, Lies, and the Underclass

Michael Fumento argues that the heterosexual AIDS threat is overblown. Try telling that to poor blacks and Hispanics.

by Patricia Cohen

The Fifth Avenue offices of *Forbes* magazine don't usually attract militant demonstrators who carry placards and chant slogans. But then *Forbes* doesn't usually get swept up in a controversy over AIDS. It did in June, however, when the business magazine printed a favorable profile of a conservative writer and lawyer named Michael Fumento. Fumento, you see, believes that all the hype about AIDS is, well, hype. In fact, he thinks that the vast majority of Americans are more likely to meet Shirley MacLaine in a different life than to contract the deadly HIV-virus, and that the only reason the news hasn't gotten out is that a conspiracy of self-interested scientists, opportunistic politicians, sensationalist journalists, conservative moralizers, and fearful homosexuals have manufactured the scare.

This does not make Fumento a popular guy.

To conservatives he is a turncoat. A former writer for *The Washington Times*, Fumento was plucked to serve as the resident right-wing AIDS consultant on the U.S. Commission on Civil Rights. But his condemnations of conservatives who were using the AIDS crisis to terrify America into monogamy lost him his favored-son status. Meanwhile, to many liberals and gays active in the fight against AIDS, Fumento is the Prince of Darkness, a man who would slash funds aimed at wiping out a virulent killer.

Soon after the June 26 demonstration, Malcolm Forbes himself printed a humble *mea culpa*, calling Fumento's views "asinine"; the apology was followed by a 13-point rebuttal to the article penned by protesters from the AIDS Coalition to Unleash Power.

And that was just in response to a profile of the guy. Imagine the fallout from Fumento's forthcoming 432-page book, *The Myth of Heterosexual AIDS**, in which he painstakingly details his case that AIDS never really threatened anyone besides gays and intravenous drug users. Nor, according to Fumento, was there ever any reason to believe that it would threaten white, middle-class America—but that didn't stop a varied group of alarmists from creating the Big Lie. "Before it would run its course," writes Fumento, "this mythical epidemic would exact a severe price, to be sure—not in lives but in wasted resources, squandered credibility, and sheer terror."

After a graphic explanation of the mechanics of transmission of the AIDS virus, known as HIV, and of the statistical probability of infection, Fumento spends most of the book criticizing just about everyone you can think of for ignoring the facts. Fumento argues that the federal Centers for Disease Control's current estimates of 1 to 1.5 million infected Americans should be halved; that this exaggerated epidemic has already peaked; that the worst is over; and that by the mid 1990s, AIDS will be a relatively minor, albeit horrible, health problem.

A lot is at stake. The public policy implication of all this is enormous: less money and manpower for AIDS. With 14 other diseases claiming more Ameri-

Patricia Cohen is editor of "Current," Newsday's new Sunday opinion section.

* *The Myth of Heterosexual AIDS*. Michael Fumento. *New Republic Books, $22.95.*

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can lives, why, demands Fumento, should we be draining away our best research talent and millions of dollars for AIDS?

It's not hard to see why the thesis of *The Myth of Heterosexual AIDS* will be a litmus test of your commitment to treating this dread disease and of your compassion for those who have been felled by it.

But is it fair to paint Fumento as a frothing fanatic who's trying to underplay one of the modern era's greatest threats? Ultimately, no. Fumento is dead wrong about many things. But there's also a lot that he's right about—which may, unfortunately, be ignored in the political firestorm that's sure to erupt.

After all, the fearsome heterosexual "breakout," the specter of mounting corpses that monopolized magazine covers and kept yuppies in their own beds during 1986 and 1987, never did materialize. What's more, many of those who issued the most terrifying warnings—whether well-intentioned or not—should have known better.

Indeed, the nature of the homosexual epidemic was never a good model for heterosexual spread, as Fumento points out. The AIDS virus is transmitted through direct contact with infected blood (as when addicts share dirty needles or hospital patients get a tainted transfusion), or with semen or vaginal secretions during sexual intercourse. Few heterosexuals engage in once-common gay practices; in bars and bathhouses, men might have had a dozen sexual encounters a night, perhaps hundreds over the course of a year, thus increasing their exposure to HIV-infected individuals and their chances of infection. Yet even if heterosexuals were that promiscuous, the virus would still probably spread more rapidly among gays than straights since HIV is transmitted much more easily via anal intercourse than vaginal intercourse. Why? Because it is easier to rip the cellular membrane lining the urethra and rectum during intercourse than it is to tear the membrane lining the vagina; these rips then facilitate the entrance of the semen-borne AIDS virus into the partner's bloodstream. On top of that, studies show that female-to-male transmission is much rarer than male-to-female (just consider the mechanics). Fumento also competently explains why different cultural and health practices in Africa, such as reusing medical syringes, turned the epidemic there into a heterosexual one. Thus, Fumento concludes, "most heterosexuals will continue to have more to fear from bathtub drowning than from AIDS."

Fumento goes on to explain why fears were inflamed, and to name names. What results is a merciless—though often legitimate—indictment of the purveyors of panic. He exposes lazy scientists who published their findings but neglected to conduct follow-up studies that would have explained inconsistencies in the data, and he criticizes researchers who spoke about information outside their area of expertise (though where does that leave Fumento, an erstwhile lawyer?). He trots out embarrassing statements from such figures as U.S. Health and Human Services Secretary Otis Bowen, about how AIDS could make the Black Death "pale by comparison"—statements that they later tried to squirm out of. And he notes that any large and sudden increase in funding is "begging for boondoggles," a phenomenon that is as true for medical research as it is for defense contractors. Fumento suggests that some in the research establishment just wanted to continue milking the lavish budget and media attention. But there were others (probably more than Fumento would grant) who, along with gay groups, came to the unhappy realization that exaggerating the threat to middle-class heterosexuals was the only way to capture Washington's attention.

Bennett's vice squad

And conservatives? "In the AIDS epidemic, some conservatives believe they have found a shiny weapon with which to recapture their vision of a better world—one where homosexuality is pushed back into the closet. . . where chastity, monogamy, and sexual morality are revered." Consider the AIDS Prevention Institute, chaired by Pat Boone, which prints a newsletter admonishing "Save sex for marriage," or the home videos that warn against deep kissing. Some right-wingers even tried to popularize the vicious lie that HIV could be casually transmitted. It's frightening to contemplate how many of these crusaders held high positions in the Reagan White House, where they pushed their moral agenda and helped waste millions by championing useless policies like premarital testing. Education officials filed material on AIDS and changing sexual mores under the telling heading "VICE (Perversion/AIDS)." And Education Secretary William Bennett's booklet on "AIDS and the Education of our Children" focused on chastity almost to the exclusion of drug use. (Bennett, of course, is now President George Bush's drug czar.)

Then there's the media, which promoted the panic without verifying the facts. "Like perpetual motion machines, the articles fed upon fear, and used it to breed still more fear." Like the *Atlantic*, which printed a hysterical warning about heterosexual breakout loaded with statistical errors, later nominated for a National Magazine Award. Or *Newsweek*, which deserves particular censure for publishing the irresponsible doomsday projections of

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sex therapists Masters and Johnson. Hollywood and TV fare even worse. "The typical profile of a victim of heterosexual AIDS transmission was. . . a white, upwardly mobile woman who was infected after a one-night stand with a man who later proved to be a bisexual. . . . One couldn't possibly guess that, in fact, the profile of the typical non-IV [drug-abusing] heterosexual AIDS victim was a lower-class black or Hispanic woman whose regular sex partner was an IV drug user. White heterosexuals at the time of the media blitz on heterosexual AIDS (late 1986 to mid-1987) made up only about one-half of one percent of AIDS cases." Fumento is right to point out that this disproportionate focus on white, middle-class heterosexuals has helped contribute to the dearth of public health education targeted specifically at minorities—the group now most at risk.

Back to Bacchus

But Fumento has trouble distinguishing between a political conspiracy and mistaken assumptions that may have seemed reasonable at the time. Figuring out the scope of a new phenomenon isn't quite so easy without the benefit of 20-20 hindsight. With a real-life heterosexual epidemic in Africa as an example, the potential for a similar disaster here didn't always seem so outlandish. Nor is everyone involved a self-interested scoundrel, an ideological Machiavelli, or a journalistic Joe Isuzu. Whenever the media presents details that sit uncomfortably with Fumento, he suggests that they might just be lying. After all, says Fumento, Janet Cook, the Pulitzer-Prize-winning *Washington Post* reporter, once made up a story about an eight-year-old drug user. The implication is that journalists writing about AIDS might be doing the same thing. But does the example of Roy Cohn mean that all lawyers—like Fumento—are not to be trusted? Nor is it true for staff writers that "the faster one cranks out the words, the higher the pay scale." And it doesn't necessarily apply to freelancers either.

Ultimately, what Fumento is wrong about will overshadow what he's right about. And he's most certainly wrong to insist that heterosexual AIDS doesn't exist as long as white, middle-class suburbia is free from it. In fact, AIDS is alive and well and growing at a terrifying pace among heterosexuals—only they're poor and black or Hispanic.

Intravenous drug use was in effect the needle through which HIV was primarily injected into the heterosexual community. The deadly virus spread from arm to arm; the mostly poor and minority addicts passed it to their wives and lovers, and they, in turn, passed it to their unborn children. Worse yet, AIDS has more recently been given a booster shot from crack, the drug that is ravaging poor communities from New York City to Portland, Oregon. Crack seems to trigger sexual binges that would make a latter-day Bacchus blush—binges that rival the activities in the gay bathhouses of the 1970s. This sexual explosion within a closed circle of people, many of whom may be infected, increases the probability that someone will pick up the virus through heterosexual intercourse. An explosion of syphilis—which produces open sores and facilitates the spread of the AIDS virus—has accompanied the spread of crack houses. Crack smokers may also go on to shoot heroin, thereby exposing themselves to infection from the heroin-abusing population.

If the drug-addicted population is finite and isolated, then AIDS may just run through it, kill off most of the members, and then burn itself out. A horrifying enough scenario. But crack use appears to be spreading to many poor urban pockets throughout the nation. The 1988 National Household Survey on Drug Abuse, the most comprehensive analysis of Americans' daily drug habits, found that the number of cocaine and crack addicts increased sharply even though casual use was on the decline.

If you want to look into one possible vision of the epidemic's future, go to the south Bronx. One in 22 young mothers in some areas tests positive for the AIDS virus; so does about one in 40 infants.

While Fumento entitles a chapter "The Agony of the Underclass," he spends less than two pages on crack. He notes the frightening crack-AIDS nexus and the billowing rise in syphilis, but he doesn't use this new information to talk about the epidemic's future, only to show how AIDS is draining resources from syphilis prevention. And even that conclusion is contradicted by Fumento's own admission that "as word got out on AIDS, non-AIDS [sexually transmitted disease] rates among homosexuals began to plummet." Fumento acknowledges the spread among minorities but treats it almost in passing.

But is he right that the total number of cases will be halved? Well, most drug-related cases haven't shown up in the official statistics yet since so far there is about a seven-and-a-half year lag between the time someone is infected and the time he or she develops AIDS. Add another year or two between diagnosis and the time the case is reported to the Centers for Disease Control—perhaps even longer since many down-and-out drug users have poor access to health care. Still others will never be included in the official statistics because they do not fit the CDC-approved case definition of AIDS or because they died before they could be tested for the virus. In New York City, for instance, health officials say that the epidemic among drug users is *underestimated* by

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well over 100 percent.

Yet Fumento pretty much ignores these cases and uses the official body count to conclude that AIDS is eating up far too much funding. Indeed, he charges the CDC with distorting the official estimates by broadening its definition of AIDS and thus enlarging the caseload—even though the new definition is clearly more accurate. And he complains that the AIDS budget nearly matches and may soon surge past cancer's, although the latter disease causes far more deaths. But cancer has been researched for decades at a cost of billions. AIDS research—which will have applications to other fields—was largely ignored by the federal government until 1987; the virus wasn't even discovered until 1984. Nor does Fumento take into account that extra seed money is needed in the early years for basic research. Fumento makes even less sense when he points out that AIDS research expenditures equal about 4.5 percent of cancer patient costs but are 230 percent greater than AIDS patient costs. So what? The vast majority of AIDS patients won't swamp the health care system until years down the road—as even Fumento would acknowledge. And cancer isn't contagious.

The real myth is that America doesn't have to panic because *white* America isn't at risk. Thus, the book will not only be controversial; it may also be dangerous. It advances a cause that could mean abandoning hundreds of thousands to a painful death. And that would be true even if AIDS cases were to stop their unabated climb upwards today and level off.

Homosexuals and researchers saw how AIDS went ignored when it was perceived as a "gay disease." Only once the fear-mongering that Fumento documents convinced mainstream America that it was at risk, did the federal funds begin to flow. Persuading the public that the virus trains its deadly fury on drug users (a despised group) and minorities (a neglected and often powerless one), may now shut off the spigot.

Does the threat to these groups justify wholesale panic? Fumento emphatically says it does not. He may be right. Exaggerating the danger can diffuse scarce resources and be used to justify extreme measures like quarantines and forced testing.

But Fumento fails to explore the more crucial question of how one mobilizes the government in the face of a serious health threat that doesn't endanger middle-class, heterosexual whites. Instead, Fumento is guilty of a tactic he condemns: To make his point, he seriously *underplays* the heterosexual epidemic that continues to devastate Hispanic and black America. You just need to look at the SRO crowds in New York City hospitals, the growing number of homeless people with AIDS, or an HIV-positive infant to know that the real danger is still complacency. ❑

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Memoirs of the Man the White House Said Didn't Exist

It's all here: the Bay of Pigs, the capture of Che Guevara, and the Iran-contra affair. But the author is Ollie North with a Cuban accent.

by Robert Parry and Brian Barger

It was to be one of the last flights of Oliver North's little air force of broken-down planes and burnt-out pilots. After skirting Nicaragua's west coast, the C-123 cargo plane sliced inland over Costa Rica's rugged jungles and up into Nicaragua. There, on October 5, 1986, a sleepy Sunday morning, a teenage Sandinista draftee aimed a surface-to-air missile at the plane, fired, and watched mesmerized as the missile found its target. As the doomed plane spun wildly out of control, an unemployed Wisconsin construction worker and onetime CIA cargo handler named Eugene Hasenfus, struggled to the open cargo door, pushed himself clear, and parachuted safely to earth, the only survivor of the four-person crew.

One of the first names out of Hasenfus's mouth when he was brought before the international press in Managua three days later was "Max Gomez." Hasenfus identified "Gomez" as the CIA man running the secret air force from El Salvador and a personal associate of Vice President George Bush. Hasenfus's claims, of course, were heatedly denied by the White House, but the alleged roles of the CIA and Bush in North's contra operation remain to this day two of the most frustrating loose ends of the Iran-contra scandal.

A key to unlocking those mysteries would be "Max Gomez," whose real name, it turned out, is Felix Rodriguez, if only this Cuban exile and former CIA officer ever really told his story. In this autobiography*, Rodriguez offers much less than that. The book, modestly subtitled "The CIA Hero of a Hundred Unknown Battles," sticks to the now familiar refrain of implausible ignorance that Bush and his advisers have been reciting for three years. In pulp-novel style, the book gives Rodriguez's personal recollection of his CIA adventures, including the execution of Ernesto "Che" Guevara after the legendary Latin revolutionary was captured in Bolivia in 1967. Other chapters are devoted to his unsuccessful efforts to organize uprisings against Castro—which were to coincide with the 1961 Bay of Pigs invasion—and his later work with the CIA in Vietnam.

The problem with the Iran-contra affair in general—and Bush's participation in particular—is that the truth seems to have gotten so wrapped up in plausible deniability that neither the press nor Congress has had the patience to sort out the facts. Simply by stonewalling and delaying, the administration guaranteed that the public would quickly grow bored and the story would disappear from the front pages. Indeed, if it hadn't been for the Sandinista soldier's lucky aim, the American people might have been kept happily ignorant for years about how the nation's foreign policy was really being run during the Reagan era.

Even after the Hasenfus shootdown, the Reagan administration, grown cocky from its long and easy manipulation of the press, continued to issue glaringly false stories. In a classic display of the administration's arrogance, Assistant Secretary of State Elliott Abrams even disputed the existence of "Max Gomez." On a CNN cable news show, Abrams told columnists Rowland Evans and Robert Novak that "I can say first of all there's no Max Gomez." It was one

* *The Shadow Warrior.* Felix Rodriguez, John Weisman. *Simon and Schuster, $19.95.*

Robert Parry is a reporter at Newsweek. *Brian Barger is a Washington writer.*

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of those narrowly constructed statements that must have thrilled Abrams, who has embraced deceit like a kind of secular religion. As a measure of how easily the press could be gulled, however, the two battle-tested columnists swallowed Abrams's story whole. "I've seen a lot of cover-ups in this town, Rowland," Novak sagely noted. "But this doesn't look like a cover-up, and it doesn't because there's no equivocation. . . . The so-called Max Gomez, the CIA operative, supposedly hired by the CIA or Vice President Bush, doesn't even exist."

But "Max Gomez"—or Felix Rodriguez—did exist. He was an anti-Castro Cuban exile, a dedicated veteran of the CIA's globe-straddling wars against communism, and a man who indeed had met personally with George Bush. Rodriguez was also close friends with Donald Gregg, who had been one of his CIA superiors in Vietnam and then was Vice President Bush's national security adviser. Gregg had helped place Rodriguez in El Salvador and talked to him frequently by phone while the Cuban exile was managing the air resupply operation. But in the fall of 1986, when confronted by reporters asking if he had discussed the contras with Rodriguez, Gregg denied falsely that he had. (Gregg later acknowledged discussing the contras with Rodriguez on August 8, 1986, but insisted that he had been kept in the dark before then, and, even after learning the truth, withheld the information from his boss, the vice president.)

Rodriguez's book does add some tantalizing new clues about his role in the Iran-contra affair. For instance, Rodriguez says he worked with the Argentine military in 1980-81, showing them "how to set up intelligence networks in Central America that kept a close watch on events without attracting unwanted attention." Although Rodriguez provides no details about his activities (and refused to be interviewed for this article), the Argentine military's principal operation was establishing the contra army. The Argentine intelligence services were fresh from their "dirty war" of disappearances against homegrown leftists and had just covertly overthrown the elected government of Bolivia. Their international war against communism next took them to Central America, where they were widely suspected of training death squads, including one within the contra army, which eventually provoked protests from the CIA. Also during this time, the Argentines sent a group of contras to stage a machine-gun and grenade attack on a leftist radio station in Costa Rica, according to the group's leader, Hugo Villagra. After the raid, the contras were jailed but later released when contra colleagues hijacked a Costa Rican-bound airliner.

Rodriguez is tight-lipped about what he did after his stint with the Argentines, beyond acknowledging that "I spent a fair amount of time traveling through Guatemala, Honduras, and Costa Rica." A more comprehensive explanation of that time frame is vital to evaluating Rodriguez's later claim that he wasn't recruited by North to help the contras militarily until September 1985. A variety of sources have linked Rodriguez to early arms shipments to the contras, and some participants claim Bush's office played an early organizing role in the secret network that followed a congressional ban on CIA assistance in 1984. General Paul Gorman, from his view as head of the Southern Command in Panama, clearly doubted Rodriguez's claim to be only an adviser to helicopter-borne Salvadoran counterinsurgency forces. In a February 8, 1985 cable, Gorman said, "Ollie [North] assures me it was his intention to focus Rodriguez on forces operating elsewhere in [Central America]." Naturally, Rodriguez insists that Gorman didn't know what he was talking about.

The problem with the Iran-contra affair in general—and Bush's participation in particular—is that the truth seems to have gotten so wrapped up in plausible deniability that neither the press nor Congress has had the patience to sort out the facts.

Asked about the sketchy accounts of his Central American work in the early 1980s, Rodriguez's co-author Weisman acknowledged that Rodriguez had chosen to leave out many of the details. "It's like all autobiographies," Weisman said. "It is selective in some areas."

Another intriguing tidbit is Rodriguez's disclosure that in early 1986 he told Rudolph Enders, a former CIA superior from Vietnam days, "in vague terms about the North operation" and its corrupt arms dealers. Enders had just wrapped up a tour as head of the CIA's paramilitary forces, where he directly oversaw the helicopter attacks and mining of Nicaragua's harbors. But like Rodriguez, he claims to have kept his mouth shut. In an interview, Enders said he did not

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Statement of Ownership, Management and Circulation *(Required by 39 U.S.C. 3685)* 1. A. Title of publication: The Washington Monthly. B. Publication number: 704640. 2. Date of filing: October 1, 1989. 3. Frequency of issue: monthly except combined July/August. 3. A. Number of issues published annually: 11. 3. B. Annual subscription price: $33.00. 4. Complete mailing address of known office of publication: 1611 Connecticut Ave. NW, Washington, DC 20009. 5. Complete mailing address of the headquarters of general business offices of the publisher: same. 6. Names and complete addresses of publisher, editor, and managing editor: Editor, Charles Peters, 5025 V St. NW, Washington, DC 20007; Publisher, Nicholas Martin, 1611 Connecticut Ave. NW, Washington, DC 20009; Managing Editor: vacant. 7. Owner: The Washington Monthly Co., an unincorporated joint venture between The Washington Monthly Corporation and The Washington Monthly Limited Partnership, of which The Washington Monthly Publishing Corporation is sole general partner. All entities at 1611 Connecticut Ave. NW, Washington, DC 20009. Owners of 1 percent or more of shares of The Washington Monthly Limited Partnership: Preston Brown, Washington, DC; Warren Buffett, Omaha, NE; The Elizabeth E. Chilton Marital Trust, Charleston, WV; Joseph Cole, Lyndhurst, OH; Alexander Ewing, Millbrook, NY; James Fallows, Washington, DC; Nancy M. Folger, Washington, DC; Gene Gordon, Bethesda, MD; Robert Hellawell, Demarest, NJ; Edgar Kaiser Jr., Fernie, British Columbia, Canada; Roger S. Kuhn, Bethesda, MD; Morton Mandel, Cleveland, OH; New Haven Terminal, New Haven, CT; Richard L. Ottinger, Washington, DC; Ann Peretz, Cambridge, MA; Tom Peters, Palo Alto, CA; Julien Phillips, San Mateo, CA; Joseph Rosenfield, Des Moines, IA; Sidney B. Sachs, Washington, DC; William Schulz, Phoenix, AZ; Fred Stanback Jr., Salisbury, NC; Philip M. Stern, Washington, DC; Stuart W. Thayer, New York, NY; Howard W. Young, Washington DC. Owners of 1 percent or more of stock of The Washington Monthly Corporation: Timothy J. Adams, Washington, DC; Russell Baker, Leesburg, VA; Taylor Branch, Baltimore, MD; A. Whitney Ellsworth, New York, NY; Joseph Freitas Jr., San Francisco, CA; Murray Kempton, New York, NY; Suzannah Lessard, New York, NY; Estate of Peter Lisagor, Arlington, VA; Charles Peters, Washington, DC; PKL Co. Inc., New York, NY; John Rothchild, Miami, FL; Eleanor Rovere, Tarrytown, NY; Hugh Sidey, Potomac, MD; Carole Lee Smith, Salem, OR; James C. Thomson Jr. , Cambridge, MA; Carol Trueblood, Washington, DC. Owners of 1 percent or more of stock in The Washington Monthly Publishing Corporation: Alfred C. Clark, New York, NY; Joseph D. Crowley, New Haven, CT; Kanawha Banking and Trust, Trustee for John D. Rockefeller IV, Charleston, WV; Fiona F. Rust, Monroe, OR; John Spencer, Middlebury, VT; Carol Trueblood, Washington, DC. 8. Known bondholders, mortgagees, and other security holders owning or holding 1 percent or more of total amount of bonds, mortgages, or other securities: Marline Resources Company, 645 Madison Ave., New York, NY 10022. 9. Not applicable. 10. Extent and nature of circulation: (average number of copies each issue during preceding 12 months) actual number of copies of single issue published nearest to filing date. A. Total number of copies printed: (32,731) 34,343. B. Paid circulation: 1. Sales through dealers and carriers, street vendors, and counter sales: (4,618) 6,636. Mail subscription: (23,749) 25,257. C. Total paid and/or requested circulation: (28,367) 31,893. D. Free distribution by mail, carrier, or other means; samples, complimentary, and other free copies: (1,554) 1,450. E. Total distribution: (29,921) 33,343. F. Copies not distributed: 1. Office use, left over, unaccounted, spoiled after printing: (686) 1,000. 2. Return from news agents: (2,125) 0. G. Total: (32,731) 34,343. I certify that the statements made by me above are correct and complete. Nicholas Martin.

take Rodriguez's allegations of criminal wrongdoing to his agency superiors because "he didn't approach me as a CIA employee, but as a friend." Enders said he advised Rodriguez to take his complaints to Gregg, not because Enders thought Gregg was involved with the contra program but simply because "Don was the only one I knew" at the White House.

Rodriguez insists that he rejected Enders's advice at the time and continued keeping Gregg in the dark. Why Enders did not pass the explosive information on to his good friend Gregg or to his CIA superiors is another one of the hard-to-believe elements of this take-it-on-faith cover story.

Shortly after Rodriguez's discussion with Enders, memos were prepared for a May 1, 1986, meeting between Bush and Rodriguez that list one expected topic as "resupply of the contras." Gregg himself has struggled to explain that contra reference, which directly undercuts the Bush office's claim of total ignorance about Rodriguez's contra activities. Initially, Gregg admitted that the planning memos "baffled" him, but in confirmation hearings on his nomination to be ambassador to South Korea this spring, he suggested that a secretary might have just mistakenly typed "resupply of the contras" when she had actually been told "resupply of the copters" because Rodriguez had been flying counter-insurgency helicopter missions in El Salvador. *The New York Times* reacted to this preposterous explanation with a derisive editorial headlined "The Iran-Copter Affair."

Despite the implausibility of Gregg's explanations, the Senate, eager to move past the Iran-contra unpleasantness, approved his nomination last September. However, before the vote, Senate Majority Leader George Mitchell argued against Gregg's nomination, contending that the ex-CIA man either lied or showed remarkable incompetence. "Mr. Gregg's failure to recognize the significance of Rodriguez's and North's activities in the resupply of the contras during a period when such activities were prohibited by law is alarming," said Mitchell. In many ways, Rodriguez is an Ollie North with a Cuban accent. Short, stocky, and peacock-proud, Rodriguez is a complex man who, like North, has a certainty in his life's mission that is both attractive and troubling in the moral netherworld of the 20th century. While most of us cope with a world clouded in the grays of moral ambiguity, Rodriguez sees only the black-and-white struggle against communist evil. "For us, the fight against Castro was an all-consuming passion," he writes. "It was a holy war, a crusade." He would continue that crusade even after retiring from the CIA in 1976 because of a bad back. Paid full-salary disability, Rodriguez would spend many of the next 13 years working closely with the CIA and international arms dealers

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on activities that paralleled U.S. intelligence interests.

Rodriguez recalls life before Castro as a kind of bucolic paradise. Born in 1941, he grew up as the only child in a middle-class family, which had some social ties to Cuban dictator Fulgencio Batista, who is depicted as a not-that-bad caudillo. Like many Cuban exiles, Rodriguez views even mundane political events through the prism of his emotional ties to his lost homeland. Moved by Bush's inauguration, Rodriguez says he harkened back to those magical prerevolutionary days in Cuba. "My mind's eye revisited Uncle Felix Claudio Mendigutia's farm, where I spent summer vacations as a child and ran down to the barns in the morning to splash milk fresh from the cows into my thick, sweet coffee," he writes.

But whatever homespun values guide Rodriguez's life, they are distressingly tolerant of brutality and even terrorism when directed against the communist enemy. One of the anecdotes recounted in the book is the story of how Dominican peasants took literally dictator Trujillo's offer of $1,000 a head for an estimated 250 bearded Cuban guerrillas who had sought to carry their revolution to that neighboring island. "So farmers started showing up at Dominican army posts with burlap bags of bearded heads to collect their rewards," Rodriguez writes. "And Trujillo ended up paying a lot more than $250,000—because a lot more bearded heads were turning up than there were Cuban invaders. There weren't, we joked, very many Cubans left for the [anti-Castro] Legion to fight against."

Although claiming to oppose terrorism, Rodriguez defends a fellow CIA-trained Cuban exile, Luis Posada Carriles, who escaped in 1985 from a Venezuelan prison where he had been jailed for masterminding the 1976 mid-air bombing of a Cuban civilian airliner that killed 73 people. According to former FBI agent Carter Cornick, the evidence against Posada and three others charged with the crime was overwhelming. "They were all in it up to their damn eyeballs," Cornick said in a recent interview. The evidence included confessions by the two men who placed the bomb on the plane that directly implicated Posada and another Cuban exile, Orlando Bosch. In Posada's office police also found Cubana Airline flight schedules and diagrams of targets throughout Latin America that had recently been bombed.

In *Shadow Warrior*, however, Posada is portrayed as an innocent scapegoat who crossed a vengeful politician, Carlos Andres Perez, Venezuela's president both then and now. While working for the Venezuelan secret police, DISIP, Posada obtained "some juicy tapes" of Andres Perez "engaging in an animated, X-rated conversation with his girlfriend," Rodriguez asserts, and the president simply "was determined to get revenge." Without assessing any of the evidence against Posada, Rodriguez dismisses the allegations as unfounded and thereby justifies hiring the fugitive terrorist to work as his assistant on North's contra resupply operation in 1985. Posada was put in charge of distributing weapons and other supplies.

The book opens with Rodriguez in a helicopter that has Che's body strapped to one of the skids. "On my wrist was his steel Rolex GMT Master with its red-and-blue bezel."

Rodriguez devotes long passages to justifying the execution of fabled Latin revolutionary "Che" Guevara. Rodriguez clearly sees this moment as the high point of his CIA career, even though he claims the agency wanted the captured guerrilla leader brought back alive from the jungles of Bolivia. The Che segments of the book are written with an almost surreal quality, with Rodriguez detailing the trophies—a Rolex watch and smoking tobacco—taken from his dead enemy. Indeed, the book opens with Rodriguez in a helicopter that has Che's body strapped to one of the skids. "On my wrist was his steel Rolex GMT Master with its red-and-blue bezel," Rodriguez recounts. "In my breast pocket, wrapped in paper from my loose-leaf notebook, was the partially smoked tobacco from his last pipe. There were stains on the army fatigue trousers I was wearing—Che's blood caked dark against the khaki-green material. It was October 9, 1967, 2:15 p.m. local time, and it was as if I were in the middle of a dream. Except it wasn't a dream. The chopper was real. The blood was real. Che Guevara was dead."

An Argentine national, Che saw himself as an internationalist revolutionary who left Cuba after Castro's victory to create "one, two, many Vietnams" in Africa and South America. Che had a special place in the hearts of romantic leftists around the world—and a different spot in the hearts of Cuban exiles. Next to Castro, Che was the greatest prize for the Cuban exiles and the CIA.

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In the over-heated rhetoric of *Shadow Warrior*, Rodriguez tries to elevate himself to Che's historic level. Sent to Bolivia by the CIA to help train troops to counter Che's latest guerrilla adventure, Rodriguez excitedly flies to the scene of Che's capture. In a mud-brick schoolhouse at La Higuera, Che lies dirty, bound on the floor, his leg wound oozing blood. Rodriguez says the Bolivians are adamant that Che must be killed but leave the details up to him, even offering Rodriguez the honor of pulling the trigger. But according to Rodriguez's bizarre account of Che's last hours, the CIA-trained Cuban exile and his longtime nemesis become something like friends.

Rodriguez quotes himself as telling Che, "Commander, I didn't come to interrogate you. Our ideals are different. But I admire you. You used to be a minister of state in Cuba. Now look at you—you are like this because you believe in your ideals. I have come to talk to you. . . .He looked at me for some seconds, wondering whether I was being sincere. He must have been a good judge of men because he realized I was speaking from the heart." As other Cuban captives are executed nearby, Rodriguez and Che chat. "We talked for a long time—not about strategic matters but about Cuba, and communism, and about our different philosophies of life," Rodriguez writes.

Rodriguez says he personally gave the order to kill Che—but not before a couple of warm embraces between countrymen. "It was a tremendously emotional moment for me," Rodriguez says. "I no longer hated him. His moment of truth had come, and he was conducting himself like a man. He was facing death with courage and grace." Rodriguez then turns the job over to a soldier, Mario Teran, "whose face shone as if he had been drinking." As Rodriguez walked up a hill taking notes, he heard the shots. He later gave Che's pipe to Teran "so you will remember your great deed." As his own memento, Rodriguez has often displayed Che's Rolex watch, which he has claimed in the past was a gift from the guerrilla leader before his death, as a gesture of respect. But in the book, Rodriguez offers a different account. Rodriguez said a Bolivian soldier had removed the watch from Che's wrist, but the quick-thinking CIA man took the watch from the soldier, turned around and quickly switched the straps with the one on his own Rolex and handed the Bolivian his timepiece, keeping Che's for himself.

Apparently to explain the signs of torture on Che's body later described by Bolivian military officials, Rodriguez says he caught a Bolivian soldier striking Che's body with a stick. "He had reason to be bitter," Rodriguez says of the soldier. "He'd suffered casualties at the hands of Che's guerrilla band. Still, I saw no reason to desecrate Che's corpse. After they left, I called a soldier to bring me a pail of water. I took it and with my own hands, cleaned Che's face, closed his eyes, and tried to close his jaw."

Another big moment in Rodriguez's lifelong struggle against Fidel Castro was the Bay of Pigs, but ironically, Rodriguez did next to nothing during the invasion. On CIA orders, Rodriguez infiltrated Cuba in early 1961 to prepare for what he and the CIA expected would be a popular insurrection coinciding with the invasion. He found Castro's Cuba not an ironclad police state but a loosely run society where people seemed free to criticize Castro for his faults. Rodriguez recounts how he and a friend picked up two women at a bar and spent the night hearing them denounce the new dictator. But when the CIA-backed invaders reached the Bay of Pigs on April 17, 1961, the infiltrators discovered little support and were quickly rounded up.

On the morning of the invasion, this "CIA hero of a hundred unknown battles" went to church for communion and then returned to his apartment where he stayed for the next three days, occasionally watching television broadcasts of his colleagues' capture. He then fled to the Venezuelan embassy and was returned to the United States, having survived the Bay of Pigs fiasco without firing a shot.

Rodriguez's "holy war" against Castro, however, was far from over. He joined CIA-sponsored sabotage teams that continued hit-and-run attacks on Castro's island. But as Castro tightened security, the infiltrators faced greater and greater danger. Most were captured or killed soon after their clandestine landings. Increasingly, the anti-Castro Cubans hit softer targets in acts that might be called terrorism.

In one botched operation, a planned landing was scratched in favor of an attack on what the infiltrators thought was a Cuban freighter, the *Sierra Maestra*. They contacted Rodriguez for permission to fire on the ship. Rodriguez says that, unable to locate his superior, he authorized the attack, only to find out later that the ship actually was the *Sierra Aranzazu*, a Spanish freighter. The attack with a recoilless rifle and machine guns killed the captain, wounded many of his crew, and set the ship on fire.

The killing of the captain of the *Sierra Aranzazu* would come to symbolize the clumsy violence that has been substituted too often for American foreign policy in Latin America. The attack was a precedent for later freelance Cuban terrorism and not that different from the Nicaragua harbor mining, which earned the United States the censure of the World Court. But to Rodriguez and his fellow zealots, who insist they love freedom and democracy, violence inflicted on outsiders and innocents is simply part of the price that sometimes must be paid for prosecuting the "holy war" against communism. ❑

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POLITICAL BOOKNOTES

Public affairs books scheduled to be published this month.

The Privatization Decision: Public Ends, Private Means. John Donahue. *Basic Books, $22.95.* For years the literature on privatization has been so dull or biased that it's been hard to make up one's mind about it. Conservatives, business leaders, and other proponents, who never really have believed in government or the idea that bureaucracies can be reformed, can't be trusted. But neither can privatization's main opponents—liberals and public employee unions who feel there's nothing wrong with the civil service that a stiff pay raise won't solve. Donahue takes on the subject with the fair-mindedness extolled at the Kennedy School where he teaches, and where one might fear dreary quantification, he offers clear and compelling prose.

Most of the world understands privatization as meaning divesting government-owned assets like steel mills and airlines. In the U.S., where government has never owned such ventures, privatization has come to refer largely to "contracting out": paying tax dollars to private companies, rather than government bureaucracies, to accomplish public tasks. Donahue makes clear that the private sector does have Rotary Club advantages over the public sector: focused accountability, lower labor costs, fewer work rules, more incentives to watch costs and exploit innovations. The problem is finding public tasks for private companies where those qualities can flourish, and yet where others common to government contractors, like overbilling, shoddy workmanship, price collusion, influence peddling, bribery, etc., do not.

Privatization works and probably ought to be expanded, says Donahue, for public tasks that are relatively simple and where competitors are plentiful: garbage collection, firefighting, and bus and janitorial services. Privatizing usually makes matters worse, however, when the public mandate for an endeavor is complicated, vague, or everchanging; where hoped-for results cannot be specified in advance without reams of contractual paper; and where high entry and exit costs mean few companies can compete for government business. The Pentagon fits this bill perfectly, says Donahue; he would transfer responsibility for designing and developing weapon systems from contractors to public servants. He also gives a detailed and nuanced assessment of the private prisons issue that will confirm the pit-in-the-stomach fear a lot of people have about turning incarceration over to corporations.

Political pressures, however, appear to be at variance with Donahue's recommendations. Public employee unions fight hardest, he says, for retaining those areas where private competition could give taxpayers the most value, while corporations seek government contracts that offer monopoly profits and lax supervision.

I wish Donahue had elaborated on his finding that in privatization arrangements where companies and government agencies compete, government agencies lower their costs of doing business. He also relies too much on national security analysts like J. Ronald Fox and William Perry, who attribute the complexity of Pentagon contracts to the demands of high technology, never questioning the need for all of that brittle gear. Donahue's Kennedy School faith in respectable experts leaves him apparently unaware of bureaucratic forces within the Pentagon—military careers tied to the fate of tiny and expendable components—that needlessly complicate contracts. Rather than endlessly specifying inputs, military reformers have long called for simple contracts that state how weapons should perform.

Making performance-based contracting work requires drastically overhauling the Pentagon. But so too does Donahue's idea of relying more on civil servants. That, perhaps, is the biggest point Donahue fails to make. Whether you're in favor of more privatization or less, there's simply no getting around the need to reform government bureaucracies.

—Paul Glastris

Warrior: An Autobiography. Ariel Sharon with David Chanoff. *Simon and Schuster, $24.95.* **The Road to Peace: A Biography of Shimon Peres.** Matti Golan. *Warner Books,*

Nice guys finish last.

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The Unmaking of a Presidential Campaign
by Christine Black & Thomas Oliphant

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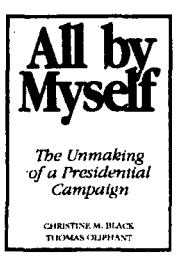

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$24.95. More than any other advanced nation, Israel has lived in an emotional meat grinder since its founding in 1948. It seems to gravitate from crisis to disaster, from insurmountable problems to fratricidal conflict. It's a country awash in turmoil and tension, confronted by religious and secular bigotry at home and abroad, disillusioned at world Jewry's failure to immigrate to Israel, mired in an intractable war with the Palestinians, still threatened by Syria and Iraq, surviving economically and militarily partly through American largess, isolated diplomatically everywhere. One would hope that two of its most prominent personalities would offer their citizens some clear alternatives to the status quo and some humane, civilized notions that might encourage Israelis and their supporters to believe that the recent litany of blunders and failures can be overcome.

Unhappily, though, these books offer no such hope. Ariel Sharon's autobiography, cowritten or ghosted by one David Chanoff (the book tells us nothing about him), serves quite another purpose. Farmer and war hero, supporter of settlements on the West Bank, ultrarightist politician and cabinet minister, Sharon has clear aims: to describe how almost single-handedly he won many of Israel's wars; to justify his role in the invasion of Lebanon in 1982; and to excoriate his many enemies in Israel.

Sharon dwells on the invasion of Lebanon. He writes that he was forced to assume the major share of blame for the war although he kept the cabinet in Jerusalem thoroughly apprised. Still, virtually every student of the war has concluded that his role was central and that, as two respected Israeli military correspondents, Ze'ev Schiff and Ehud Ya'air, concluded in their book, *Israel's Lebanon War*, Sharon "transformed the war in Lebanon into a personal campaign, even though the cabinet had disqualified his approach, the country's intelligence community cautioned against it, and the senior ranks of the army—not to mention the political opposition and certain sectors of the press—forthrightly opposed it."

Sharon is unwilling to shoulder any blame for the massacre of Palestinians by Israel's Phalangist allies in the Sabra and Shatilla refugee camps. He writes that he first learned of the murders when Israeli General Raful Eytan phoned to tell him the Phalangists "went too far." By the next day Sharon recognized that there had been "more than a few gratuitous killings. . . . [His] old friend Uri Dan pleaded with me time and again to set up a blue-ribbon commission to investigate." Sharon turned him down, a decision he now says he much regrets because he "failed to properly assess the potential this tragedy had to be used as a political cause celebre." Then he proceeds to slash his enemies who dared criticize him. When Prime Minister Begin was pressured to appoint an investigative commission, chaired by two eminent jurists, Sharon writes in his own defense that "a cry for blood was in the air. . . . Blood was needed from the political echelon, someone to bear the blame for what had happened." And when the Kahan Commission rendered its verdict that Sharon bore "indirect responsibility" for the massacre and suggested that Begin fire him, Sharon warned, "If you accept the conclusions of the Kahan Commission, you will be branding the mark of Cain on the foreheads of the Jewish people and on the State of Israel with your own hands." Even Begin gets the back of his hand. "Menachem," he told the prime minister after the commission report was announced, "it was you who handed me over to them. You are the one who did it."

Matti Golan's *Shimon Peres* is about quite a different sort of public figure. Peres was a Ben-Gurion protege, a skilled defense analyst, a democratic socialist who continued to maintain cordial relations with many European socialists even as they criticized many Israeli actions, a man whom Washington preferred to deal with rather than Begin or Shamir, let alone Ariel Sharon. Informed, experienced, fair-minded, and minister of everything, Peres, according to Golan, is nevertheless unpopular with most Israelis, who "simply don't like him, [his] way of doing things, [his] drive to succeed at any price, and the fact that [he wants] so much to be liked." If Sharon frightens many Israelis, Peres has lost their respect.

One reason is his genuflection before the United States, which so often has placed Israel in the position of acting as America's extra "aircraft carrier." It appears, for instance, that Peres lent his office too willingly and unthoughtfully to the gang of con men, hustlers, charlatans, and "consultants" in the U.S. arms-for-hostages deal.

Based upon these books neither Sharon nor Peres—nor the present incumbent, for that matter—can offer the Israeli people any possibilities for an improved future. More of the same is no future at all.

—*Murray Polner*

Beyond Control, ABC and the Fate of the Networks. Huntington Williams. *Atheneum, $19.95*. "A vast horny wasteland, an excuse for on-the-job mating, and an oasis of promiscuity." Hmmm. Let's guess: The Playboy mansion? Barney Frank's Washington townhouse? Heritage USA? Would you believe the ABC television network circa the late 1970s?

Huntington Williams does. In his book, he alleges that ABC News President Roone Arledge "seemed to like giving male renditions of the song, 'I'm Jist a Girl Who Cain't Say No.'" So "strong and indiscriminate" were certain executives' libidos that, according to Williams, "working at ABC. . . was like making love in front of a mirror." Say it ain't so, Roone.

Williams worked at ABC from 1981 to 1985 and is currently editor of the *Gannett Center Journal*, the quarterly publication of the Gannett Center for Media Studies. He knows the corporate players well and captures the network's ebb and flow from also-ran to number one and back. Although his peevish, overblown rhetoric (which seems directed mainly toward executives he did not interview for the book) undercuts some examples of a network truly out of control, the examples are still striking. For instance:

In 1976, a year of then-record profits, ABC gave free commercial time to United Airlines in exchange for free use of the airline's 17-room triplex suite at the Plaza Hotel in New York.

For two years, one of the network's chief programmers kept a psychic on the payroll in order to help him select what shows the network should air.

In 1983, Jim Abernathy, vice presi-

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dent in charge of Wall Street relations, spent over $500,000 of the network's money in a botched attempt to buy ABC chairman and founder Leonard Goldenson an honorary degree from Harvard for his 80th birthday.

Ah, Goldenson. His is a story Williams tells well. It is part pluck: Son of a Scottsdale, Pennsylvania department store owner, Goldenson graduated from Harvard Law School at the height of the Depression and had to wait six years before getting a chance to work in the one field that ever interested him—movies. Part luck: the job he finally got, helping to reorganize a bankrupt Paramount Pictures, afforded a smart young attorney unimagined upward mobility, so much so that by the age of 32 he was president of Paramount's theater division. And part guts: in 1951 Goldenson paid $25 million for ABC, which at the time had no source of programming and was losing $2 million a year.

Goldenson turned ABC's fortunes around by convincing Hollywood that television could be a customer instead of a competitor. In the beginning, television had been seen as a threat to box office revenues. Then Goldenson got Warner Brothers to produce "Cheyenne" for ABC. The show was a hit, ABC turned a profit, and the relationship between Hollywood studios and network television changed forever—or at least until next year.

That's when the 20-year-old financial-interest and syndication rules limiting network ownership of television programs expires. Since 1970 the studios have owned all programs and leased them to the networks for two airings. In the 1980s, with the explosive increase in the number of cable and independent stations, the demand for programs outstripped the supply and the value of programs once seen on the networks skyrocketed. Suddenly there were millions to be made from "Mr. Ed" reruns; hundreds of millions from reruns of "Cosby." Since the studios owned the programs, they made the money. The networks' only solace was that this jackpot coincided with a deregulation wave in Washington that washed into the chairmanship of the FCC Mark Fowler, who wanted to abolish the financial interest rules and expand network ownership of programs.

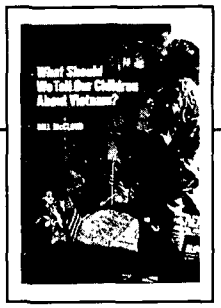
Fowler's efforts were opposed by a barrage of Hollywood celebrities who descended on Capitol Hill to lobby on behalf of the studios. The studios' chief lobbyist was, of course, President Reagan, who overruled Fowler. The Gipper's fondness for deregulation apparently stopped where his Hollywood friends' financial interests began.

By contrast, the takeover of ABC by Capitol Cities in 1985—the first network takeover in the history of American broadcasting—was, by Williams's account, an orderly, logical, and friendly affair. This was no hostile junk-bond raid, the kind Ted Turner mounted against CBS. Capitol Cities wasn't looking to buy ABC and sell it off piece by piece, as Lawrence Tisch has done with CBS. It was instead the crowning moment in Goldenson's epic career. At 80 and ready to retire, he had found in Capitol Cities "the right home for this company." The weak-sister network Goldenson had purchased in 1951 for $25 million sold 24 years later for $3.5 billion.

When Williams sticks to his larger theme of the relationship between Hollywood, the networks, Washington, and Wall Street, he weaves a compelling tale. But he seems so concerned with some executives' sybaritic philosophy that he leaves important areas unexplored. Like, for instance, the creative community in Hollywood: the writers, actors, and directors who have a huge impact on a network's destiny. After all, no TV legend—not the Fonz, not Archie Bunker, not Ben Casey—was the creation of a network executive.

—*John Eisendrath*

The People's Religion: American Faith in the 90s. George Gallup Jr., Jim Castelli. *Macmillan, $19.95.* Religious faith has remained remarkably stable throughout the past 50 years. Although American culture today is vastly different than it was on the eve of World War II, basic religious beliefs are very much the same. Nine Americans in ten still say they have never doubted the existence of God. Eight in ten still say they believe they will be called before God on Judgment Day to answer for their sins. Seven in ten still believe in life after



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Most Americans think of overpopulation as something that is threatening the environment in far-off countries of Asia, Africa, and Latin America.

Yet our own country is vastly overpopulated in terms of the long range carrying capacity of our environment, which we seem to be doing our level best to destroy must as rapidly as we possibly can. The primary cause of environmental destruction in our own nation, as well as in other countries, is simple: too many people.

There is a direct link between population size and environmental deterioration. Total consumption is the product of population multiplied by per capita consumption; total pollution is the product of total consumption times pollution per unit of consumption. Those are simple, incontestable facts.

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death. The Gallup Poll results assembled in this book indicate that Americans have remained rather orthodox in their beliefs over a half century of tumultuous social change.

The United States embraces religious belief like no other developed nation in the world. When surveys were taken in the U.S. and Europe in 1981, Americans ranked at the top in rating the importance of God in their lives. The U.S. placed second behind Ireland in the category of belief in a personal God with 66 percent, but it was still way ahead of Norway (40 percent), Great Britain (31 percent), West Germany (24 percent), and Denmark and Sweden (19 percent each). Still, this high level of belief does not necessarily translate into vigorous religious practice: only four Americans in ten attend church or synagogue in a typical week, and only about two in ten believe that attendance at religious services is necessary for a person to be a good Christian or Jew.

Clearly, Americans favor independence in their approach to religion. Such an attitude is not surprising in Protestant circles, where emphasis has always been placed on having direct, personal interaction with God. But it is unusual to see such individualism in Roman Catholic populations, where the church has traditionally mediated the divine-human relationship.

According to Gallup data, 58 percent of the Catholics surveyed believe that premarital sex is not wrong, a stand that contradicts the official teachings of the church. Surveys also reveal that more than half of all Catholics believe that abortion should be legal in certain cases, although the church strongly condemns the practice. While mainline Protestants (Methodists, Lutherans, Presbyterians, and Episcopalians) have long been "pro-choice" in moral decision-making, stressing the importance of following one's own conscience, rank-and-file Roman Catholics are apparently now choosing to make up their own minds as well. Three out of four say they tend to rely on their own consciences rather than the teachings of the pope when they face difficult moral questions.

There are two dangers in reading this book: first, having your eyes glaze over from looking at so many numbers; and second, taking those numbers too seriously. One must always be conscious of the fact that survey results are directly related to how particular questions are asked. For instance, 62 percent of all Catholics believe that abortion should be legal in certain cases, such as rape, where there is danger to the mother's life, or deformity in the baby. But this does not mean that a majority of Catholics are pro-choice about abortion. About 50 percent would support a constitutional amendment to bar legal abortion except in the case of rape, incest, or danger to the mother's life.

Another puzzling set of statistics has to do with Americans and their presidential preferences. Polls indicate that Americans are *less* likely to vote for a candidate who describes himself as "born-again," but they are *more* likely to vote for a candidate who says that Jesus is his "personal savior." Now, from a theological perspective, there is not much difference between the two. But in a cultural sense, being born-again is associated with a threatening kind of zealousness, while having a personal savior is considered rather benign. You've got to look carefully at the questions in these polls as well as the results. As the musician Jimmy Lunceford might have said, "It ain't watcha ask, it's the way atcha ask it!"

—*Henry G. Brinton*

Liar's Poker: Rising Through the Wreckage of Wall Street. Michael Lewis. *Norton, $18.95.* The apprenticeship of Michael M. Lewis began early one morning in 1985 when he stepped out onto the gigantic trading floor of one of Wall Street's most gigantic trading firms, the esteemed, prestigious house of Salomon Brothers. Widely considered the finest bond-trading house in the world, Salomon was awash in profits and prestige in 1985, and expanding madly, as was all Wall Street in those days. Lewis, like so many bright young men of the 1980s, was the lucky recipient of the firm's expansionist dreams: barely 25 years old, he had been hired straight out of the London School of Economics, practically sight unseen. After a brief training

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period, he, like the rest of his "class," was let loose on the trading floor, to begin learning the mysterious craft he had chosen as his profession: the trading of bonds.

Lewis sidles up to a veteran bond trader and tries to act inconspicuous. Quickly, however, he is spotted. A short colloquy ensues, which Lewis recounts:

Trader: What fucking rock did you crawl out from under?. . .

Me (reddening): I just wanted to ask you a few questions.

Trader: What the fuck do you think this is, a charity? I'm busy.

Me: Can I help in any way?

Trader: Get me a burger. With ketchup.

It is deeply, weirdly appropriate that Lewis's delicious memoir of his short, three-year stint at Salomon Brothers is published now, just as the sun is setting on the eighties. The eighties were, as much as any single thing, the age of investment banking. Investment bankers set the tone for the kind of pointless paper shuffling that became the decade's excuse for business activity; they had the kind of cachet that caused business school graduates to kill for entry-level positions; they became the stars of the business magazines, photographed in soft focus, and generally portrayed as icons of the culture, not to mention New York society. They even justified their own unconscionable fees (and bonuses) as a kind of ultimate vindication of their work: If the market paid them so well, then by God, they must be doing *something* socially useful. (Though God forbid you should ever ask them exactly what that might be.)

And now (heh, heh, heh) just as the decade is about to end, it's all falling apart. Junk-bond LBOs are defaulting, deals are going sour, Wall Street is finding profits rather more difficult to come by. Salomon Brothers, in a lovely, ignominious turn, was "put into play" by everyone's favorite nouveau cad, Revlon CEO Ronald Perelman. The crash notwithstanding, this has all happened with scarcely the hint of a recession on the horizon. Lewis's book offers as useful an explanation of why Wall Street is getting its deserved comeuppance as anything you are every likely to read.

The crucial point of Lewis's book, to my mind, is that no matter how bad you thought the investment banking culture was, it turns out to have been much, much worse. The last book to make this point was Ken Auletta's *Greed and Glory on Wall Street*, but Auletta's characters look like candidates for canonization compared to Lewis's. And Lewis is writing from the inside! Here he is, for instance, on status at Salomon Brothers:

"A new employee, once he reached the trading floor, was handed a pair of telephones. He went on line almost immediately. If he could make millions of dollars come out of those phones, he became the most revered of all species: A Big Swinging Dick. After the sale of a big block of bonds and the deposit of a few hundred thousand dollars into the Salomon till, a managing director called whoever was responsible to confirm his identity: 'Hey you Big Swinging Dick, way to be.' "

Here is Lewis on the relationship between Salomon Brothers and its customers:

"I had made the mistake of trusting a Salomon Brothers trader. He hac drawn on the pooled ignorance of myself and my first customer to unload one of his mistakes. He had saved himself, and our firm, $60,000. I was at once furious and disillusioned. But that didn't solve the problem. . . . Bellyaching would. . . make me look a fool, as if I had actually thought the customer was going to make money on the [bonds]. How could anyone be so stupid as to trust a trader? The best thing I could do was pretend to others at Salomon that I meant to screw the customer. People would respect that. That was called 'jamming.' I had just jammed bonds, albeit unknowingly, for the first time."

On the way Salomon employees felt screwed at bonus time, no matter how much they were making:

"While [Lewis's boss] was explaining that I was paid more than anyone else in my training class. . . I was converting $90,000 into British pounds and putting them into perspective. It was certainly more than I was worth in the abstract. It was more than I had contributed to society; Christ, if social contribution had been the measure, I

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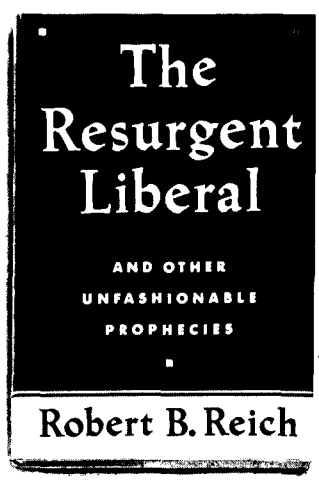

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should have been billed rather than paid at the end of the year. . . . It was more than anyone else my age I knew made. Ha! I was rich. I loved my employer. My employer loved me. I was happy. Then the meeting ended.

"And I thought again. When I had a moment to reflect, I decided I wasn't so pleased. Weird, huh? This was Salomon Brothers, remember. These were the same people who had me blowing up customers with exploding AT&T bonds. They were perfectly capable of turning the same firepower on me as they used on my customers. . . . I decided, in the end, I had been taken for a ride. . . . By the standards of our monopoly money business, 90 grand was like being on welfare. I felt cheated, genuinely indignant."

And so on. As should be clear from the above, Lewis always managed to maintain at all times an admirable degree of detachment from the culture he was mired in, not an easy task when you're 25 years old and on top of the world, jamming bonds for fun and profit. Lewis says he quit because finally, "I lost the need to make huge sums of money." ("The funny thing is," he adds, "that I was largely unaware how heavily influenced I was by the money belief until it had vanished.")

My own guess, however, is that he is being slightly disingenuous here; his ability to remain detached suggests to me that the possibility of writing about his adventures on Wall Street was always in the back of his mind. As a writer, Lewis is the real thing, as he surely must have known even as he was selling bonds with a vengeance. Not to begrudge the man his achievement, which is considerable. It is rare indeed that a writer with his flair for both the telling anecdote and "the big picture" is able to infiltrate a place like Salomon Brothers, if infiltration is, in fact, the right word. And rarer still that such a work is published at a moment like this: when the world is beginning to have its doubts about the worth of investment banking, but when the worm has not yet completely turned. *Liar's Poker* might be just the thing that turns the worm.

—*Joseph Nocera*

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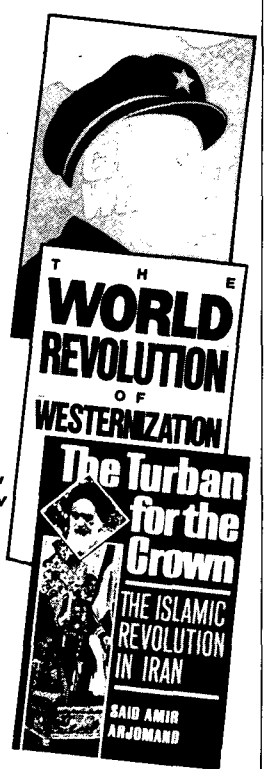

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Lost Victory. William Colby with James McCargar. *Contemporary Books, $22.95.* This book will play a crucial role in the national reconciliation on Vietnam that most thoughtful people know is important to any future consensus about the use of force by America in the Third World. If you believe, as I do, that such a consensus involves accepting such seemingly inconsistent facts as that many South Vietnamese did not want to live under the communists and that the massive involvement of American troops in 1965 was a horrible mistake, you'll want to read William Colby's story.

This is not to say that Colby was innocent of wrongdoing in Vietnam. It was while he was director of the CIA that the agency failed to predict accurately the collapse of South Vietnam until two weeks before the event. The failure led to our leaving behind thousands of Vietnamese that we had led to rely on us, actually kicking them away as they scrambled to board our departing planes and helicopters.

But, all in all, the impression this book leaves is of a decent and reasonable man trying to deal with the daily ambiguity and complexity that characterized the life Americans led in Vietnam.

—*Charles Peters*

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